

## Government is set for £2,000m steel rescue

A £2,000m rescue package to keep the bankrupt British Steel Corporation going was fore-shadowed by Sir Keith Joseph in the Commons yesterday. The corporation's financial crisis seems likely to produce more plant closures and redundancies. Much depends on the strategy of Mr Ian MacGregor, who takes over as chairman of British Steel next week.

## Wider job losses in prospect

By Peter Hill  
Industrial Editor

The Government is poised to approve a £2,000m rescue package for the bankrupt British Steel Corporation.

The magnitude of the state corporation's financial crisis came as a shock to MPs when disclosed by Sir Keith Joseph, Secretary of State for Industry, in the Commons yesterday.

Sir Keith urged British Steel's board to speed the corrective action already in train. But the parlous state of BSC's finances suggests that Mr Ian MacGregor, the new chairman, will have to implement more closures and redundancies beyond those already announced.

On present estimates the corporation believes it will require about £400m more of taxpayers' money this year beyond the £450m already allocated. The additional sum is roughly equivalent to the yield of a 1p increase on the standard rate of income tax.

Sir Keith's statement was described by Mr Edward du Cann, chairman of the Tory 1922 Committee, as the gravest statement on industrial matters that he had heard in the House. It had frightful economic and social implications, he said.

Mr John Silkin, Opposition spokesman on industry, placed blame for BSC's problems squarely on the shoulders of Government.

Sir Keith has accepted that a corporation will find it impossible to meet its break-even target for the current financial year but he emphasised at a press conference later that it remained the objective of Government's readiness to "advance additional funds to meet a U-turn in industrial life".

The last financial year BSC recorded an estimated loss of £450m. Its losses were exacerbated by a three-month-long strike at the beginning of the year.

Extraordinary items covering sure and redundancy costs coupled with a write-down of interest-bearing fixed assets amounted to a further £50m.

Mr Keith said that the Government's policy was to "write-off" assets was "absolutely wrong" and would be "a disaster" for the introduction of a new system of restructuring the nation's capital in the next financial year.

He said that the Government's policy was to "write-off" assets was "absolutely wrong" and would be "a disaster" for the introduction of a new system of restructuring the nation's capital in the next financial year.

## Vatican says sick need not always be kept alive

From Peter Nichols  
Rome, June 26

The Vatican today issued a statement on Euthanasia which reaffirmed its condemnation of the subject but said the life support systems of the hospital patients could be suspended in certain circumstances.

The statement came from the Sacred Congregation for the Doctrine of the Faith and had the Pope's personal approval. It came after a number of requests from episcopal conferences throughout the Roman Catholic world on the proper approach to this delicate issue.

Pointing out that euthanasia is "an ancient, time-honoured, easy death without suffering", it said this original meaning now meant "some intervention of medicine whereby the sufferings of sickness or of the final agony are reduced, sometimes also with the danger of suppressing life prematurely".

It went on: "Ultimately the word euthanasia is used in a more particular sense of 'mercy killing', for the purpose of putting an end to extreme suffering, of saving abnormal babies, the mentally ill, or the incurably sick from the prolonged, perhaps for many years, of a miserable life, which could impose too heavy a burden on their families or on society."

Reference to the more familiar Catholic thinking on the subject came early in the statement. "It is necessary to state firmly once more that nothing can be done in any way to permit the killing of an innocent human being, whether a foetus or an embryo, an infant or an adult, an old person, or one suffering from an incurable disease, or a person who is dying."

Furthermore, no one is permitted to ask for this act of killing, either for himself or for another person, or to consent to it, either explicitly or implicitly. Nor can any authority legitimately recommend or permit such an action. For it is a question of the violation of the divine law, and an offence against the dignity of human person, a crime against life, and an attack on humanity.

As the statement pursued the subject more deeply, it moved ahead from the reiteration of past condemnations. There are no other sufficient reasons, it is permitted, with the patient's consent, to have recourse to the means provided by the most advanced medical techniques, even if these means are still at the experimental stage are not without a certain risk.

Continued on page 3, col 2



Visitors looking at one of the portraits of Queen Elizabeth the Queen Mother in the exhibition to mark her eightieth birthday which opens at the National Portrait Gallery today.

## White Paper on Ulster devolution goes ahead after Cabinet assent

By Fred Emery  
Political Editor

The Cabinet approval yesterday of the White Paper on the Bill to implement devolution in the next session of Parliament.

An intriguing and potentially explosive notion of the Irish "safety catch" in the resolution, stating that the party "is implacably opposed to the programme and methods of terrorism", will be forgotten.

Five members of the Parliamentary Labour Party who are members of the party study group asked to investigate the accusations of repression and torture have demanded an early meeting of the group. This will take place early next week.

Meanwhile, three members of the study group, Mr Alex Kitson (chairman), Miss Joan Maynard, MP for Sheffield, and Mr Tony Benn, Secretary of State for Northern Ireland, will be in Northern Ireland this weekend making their own investigations.

They will be accompanied by Miss Jenny Little, secretary of the party's international department, and Mr Geoffrey Bish, secretary of the research department.

At last night's poorly attended meeting of the party's international department, Mr Kevin McNamara (Kingston-upon-Hull, Central) said the Opposition should demand that the Government's statement on Tuesday should be made in the Commons.

Mr Michael Cocks, Opposition spokesman on Northern Ireland, was asked to put the request to the Government.

principle was said to be clear, however, with a commitment to seek the widest possible consent before deciding on the Bill to implement devolution in the next session of Parliament.

An intriguing and potentially explosive notion of the Irish "safety catch" in the resolution, stating that the party "is implacably opposed to the programme and methods of terrorism", will be forgotten.

Five members of the Parliamentary Labour Party who are members of the party study group asked to investigate the accusations of repression and torture have demanded an early meeting of the group. This will take place early next week.

Meanwhile, three members of the study group, Mr Alex Kitson (chairman), Miss Joan Maynard, MP for Sheffield, and Mr Tony Benn, Secretary of State for Northern Ireland, will be in Northern Ireland this weekend making their own investigations.

They will be accompanied by Miss Jenny Little, secretary of the party's international department, and Mr Geoffrey Bish, secretary of the research department.

At last night's poorly attended meeting of the party's international department, Mr Kevin McNamara (Kingston-upon-Hull, Central) said the Opposition should demand that the Government's statement on Tuesday should be made in the Commons.

Mr Michael Cocks, Opposition spokesman on Northern Ireland, was asked to put the request to the Government.

## Nato warns Russia it is prepared to rearm

From Michael Hornsby  
Amsterdam, June 26

The 15-nations of the Nato alliance today served notice on the Soviet Union that they would never accept the Russian occupation of Afghanistan as a fait accompli, and that if necessary they would be prepared to shoulder the economic burden of a new arms race.

This was the clear signal to Moscow from Nato foreign ministers at the conclusion here of the regular two-day summit meeting of the North Atlantic Council, the first to be held since the Soviet invasion of Afghanistan at the turn of the year.

The meeting amounted to a carefully staged display of public unity designed to impress upon the Russians the firmness of the alliance. The British Foreign Secretary, described as "wedged driving", the attempt to sow dissension between America and its European allies.

There have been fears in Washington that Herr Helmut Schmidt, the West German Chancellor, who visits Moscow on Monday for talks with President Brezhnev, might be susceptible to Soviet blandishments and leave the impression that the alliance was not united in its response to the occupation of Afghanistan.

At a closing press conference, Mr Edmund Muskie, the American Secretary of State, described himself as "suspicious and guarded" by the show of unity, and in particular by the "very strong statement" on Afghanistan which had demonstrated the alliance's "failure to be seduced by the partial withdrawal of Soviet troops."

The overall impression of the meeting was one of a determined alliance, Mr Muskie said, and his European colleagues over the wording of references to the conflict in the Middle East, when it came to composing the final communiqué.

The EEC members wanted specific endorsements of the right of the Palestinians to self-determination — a right generally held to be the attribute of an independent state. The use of the phrase was opposed by Mr Muskie, who

explained afterwards that he did not think it "appropriate to include words subject to different interpretation."

As a result, the foreign ministers confined themselves to a judiciously-balanced statement which defended the right of all states in the region, including Israel, "to live within secure, recognized and guaranteed boundaries." It also called for "the achievement of the legitimate rights of the Palestinian people."

On Afghanistan, the ministers announced their "unacceptable" to include intervention and the attempts to crush the national resistance of the Afghan people by massive military force. They dismissed as "totally unconvincing" the arguments used by the Soviet Union to justify its actions.

Partial withdrawal of troops, recently announced by the Russians, the ministers declared, would "only be of interest if it were the beginning of a total withdrawal." It was vital that the Soviet Government should "be left in no doubt as to the extremely grave view which the allies take of this situation which jeopardizes world peace."

This called for a resolute, constant and concerted response on the part of the allies. Commenting afterwards on Afghanistan, Mr Muskie said that "on the ground (the Soviet Army) appears to be hunkering down for a two or three-year stay in an effort to pacify the country." But this did not mean, Mr Muskie said, that the Russians could not be persuaded to change their minds.

The allies reaffirmed their commitment to the "pursuit of effective, balanced and verifiable measures of disarmament and arms control", and said that their governments wished to avoid "a competitive arms race."

The alliance also declared its plans for the deployment of 572 new long-range nuclear missiles in Europe, while at the same time seeking to engage the Soviet Union in serious negotiations aimed "at achieving verifiable limitations on such weapons. The Russians already have large numbers of such missiles installed on their side of the frontier."

Nato support in Lisbon, page 3

## Israeli security forces stay tight-lipped over murder of undercover agent

From Christopher Walker  
Jerusalem, June 26

There was intense speculation in Israel today about the mysterious circumstances surrounding the murder of Mr Moshe Golan, aged 34, an experienced undercover agent.

Mr Golan worked for the Shin Beth, the country's efficient and highly secretive internal security service, which performs many of the same functions as Britain's MI5.

A two-line announcement, issued by the Israeli Defence Forces, revealed only that Mr Golan was killed yesterday inside Israel in what was described as "the line of duty".

Officials refused to divulge any further details and all reports on the murder were subjected to strict military censorship.

It is widely believed that Mr Golan was involved in the so far unsuccessful investigation into the car bomb explosion earlier this month that severely wounded two militant Palestinian mayors from the occupied West Bank. No arrests have been made in the hunt for the

bombers, who are thought to belong to a newly-formed Jewish right-wing terrorist group.

Although there were reports tonight that arrests had been made in connection with Mr Golan's murder, it was not known whether those detained were Arabs or Jews.

At the time of the West Bank bombings, Mr Golan was the Prime Minister, pledged that an intensive investigation would be carried out and the Shin Beth — a shortened form of the Hebrew words meaning security service — was in charge. Subsequently, there have been angry complaints by lawyers acting for the families of the two Arab mayors that the authorities have not been pursuing their inquiries with sufficient vigour.

Even the location of Mr Golan's murder was being kept secret today. It is understood to have been the first time for many years that an intelligence agent has been killed inside Israel. For this reason, it is causing great concern to the Israeli security authorities who

## Fisher plan 'upheaval' for Lloyd's

By Richard Allen  
Insurance Correspondent

Lloyd's insurance market could face the greatest upheaval in its 300-year history as a result of sweeping recommendations contained in the Fisher working party report published today.

The report, entitled "Self-regulation at Lloyd's", was commissioned by Lloyd's itself, calls for major changes in the way the market is policed and advocates the imposition of stringent new controls on those who use the market.

Its three central recommendations are: The creation of a new widely based 25-man Council of Lloyd's — along similar lines to that of the Stock Exchange — headed by three outside members approved by the Bank of England.

The transfer to the new council of the rule-making and disciplinary powers presently vested in general meetings of Lloyd's members.

Continued on page 21, col 3

## Roman coins not to go to the Crown

A find of 7,300 Roman coins unearthed on a Lincolnshire farm by a man with a metal detector, belongs to the landowner, not the Crown, Mr Justice Dillon ruled in the High Court yesterday.

He said that the Crown's prerogative right to claim treasure trove is limited to hidden gold and silver objects. The coins, minted between AD 260 and 280 when the Roman Empire was suffering from inflation, are of low silver content and therefore not treasure trove, he said.

He declared they are not the property of the Crown, as last year's decision in the case of the 15,000 and £20,000 worth of coins found by the British Museum pending the ruling.

They will now have to be handed over to the family farming company of G. E. Overton (Farms) Ltd, on whose land they were found at Coleby, near Lincoln, in 1975.

## 3,000 to lose jobs as recession bites

More than 3,000 redundancies in central Scotland, the Black Country and rural Cheshire have been announced as the shake-out of labour in British industry continues. About 2,300 jobs are to be lost at BSR, which makes record changes in East Kilbride and the West Midlands. Ford is cutting 630 jobs, a quarter of the workforce, at its plant at Sandbach, Cheshire. At 21

French neutron bomb President Giscard d'Estaing revealed at a press conference that France had carried out successful trials on a neutron bomb. This new weapon could be ready for use by 1985. He also said that a decision would be taken by the end of this year on whether France will build a mobile nuclear missile launcher.

Diplomatic link cut Zimbabwe is to cut diplomatic ties with South Africa but maintain economic links, Mr Mugabe told the Salisbury Parliament. In Mr Nkomo's presence the Zimbabwe Prime Minister also rebuked what he described as organized bands of Zippa troops still roaming the country and openly flouting the Government authority.

## Print union admits temporary defeat

The National Graphical Association has admitted temporary defeat in the seven-year dispute at T. Bailey Parnham, publishers of the Nottingham Evening Post. But Mr Anthony Dobbins, the assistant general secretary, said the union in time would regroup and regain recognition at the company.

Law change urged The concept of "impossibility" in cases of attempted crime should be abolished, the Law Commission has recommended. Conspiracy to commit a crime should be an offence although the crime, unknown to the conspirators, could not have been committed. Such reform would help to fill the gap if the suspected person was repealed.

Bill on bail pleas The Law Society has drawn up a private member's Bill to try to induce the Government to change the system under which many prisoners on remand cannot obtain legal aid to enable them to apply for bail.

## Labour public school plan modified

A modified version of Labour Party proposals to charge independent school pupils the full cost of their university education has been included in the final report of the party's education sub-committee, despite the opposition of a majority of the committee.

Turkey's EEC delay Turkey has been forced to delay its application to join the EEC because of an internal political crisis, although the Government still intended to apply before 1981 for full Community membership, the Foreign Minister said in Ankara.

Bill on bail pleas The Law Society has drawn up a private member's Bill to try to induce the Government to change the system under which many prisoners on remand cannot obtain legal aid to enable them to apply for bail.

## Eritreans' gas claim

Eritrean guerrillas claim that a quantity of lethal nerve gas, recently shipped from the Soviet Union, has been moved to areas of northern Eritrea for use by the Ethiopians against the rebels entrenched there.

## We've a good head for property management



Steven Prevezzer, a partner at Barrington Laurance, heads up our Property Management team. The expert service they offer covers not only every aspect of day-to-day building management and rent collection, but extends to encompass the constant monitoring of opportunities to maximise both income and capital. As well as this service, Barrington Laurance handles all other aspects of commercial property in the UK and overseas, including valuation, building surveying and professional, financial and investment advice.

**Barrington Laurance**  
Property Consultants and Valuers  
71 South Audley Street, London W1Y 6HD. Tel: 01-491 3432 Telex: 261868





# If your car had done 107,000, would you sell it to a friend?

It takes either guts or confidence.

For Mr. Walker of Burnley, Lancs, it was nothing but the latter.

After all, it was no ordinary car he was selling.

It was a Volkswagen Golf. Still going strong well past 107,000 miles.

Of course, there had been new front brake pads at 30,000; new choke at 40,450; a couple of brake cables at 58,900 and 87,900, and a new alternator at 78,520.

And the clutch and bearing did decide to call it a day at 95,590.

All in all though, Mr. Walker reckoned that replacement parts and regular servicing set him back less than 1/2p per mile.

Running costs like these impressed not only our Mr. Walker, but also a friend of his, Mr. Hurst.

So much so that he bought the car.

So what's Mr. Walker driving around in now?

We'll give you one guess.



Golf 



## HOME NEWS

## Juveniles persisting in vandalism and violence should be named in court, chief constable urges

From Christopher Warman  
Local Government  
Correspondent  
Eastbourne

Juveniles who persisted in crimes of violence and vandalism should be named in court, Mr Christopher Payne, Chief Constable of Cleveland, said yesterday.

He told the annual conference at Eastbourne of the Association of District Councils that it was questionable whether they should be protected by anonymity.

"The publication of names in specific circumstances might be justified in the interests of protecting the public and might bring home to parents the realization of their responsibilities," he said.

It was estimated that vandalism cost up to £100m a year, of which about £15m was caused at schools and in the building industry damage or replacement of materials was estimated to be 3 per cent of the total cost of building.

Mr Payne also expressed concern about the "serious and growing malaise" of juvenile drinking, which was a contributory factor to the level of violence and vandalism.

The attitude and behaviour of adults, the style of modern advertisements, the ease with which alcohol could be bought, and encouragement of youngsters to frequent discos and licensed premises were largely responsible. The police could help by improved supervision, but this lay in the hands of other people.

There was a strong case for the "short, sharp shock" treatment recently introduced by the Home Office. "There is no doubt that many offenders would benefit by a short but traumatic deprivation of liberty, and it is to be hoped that the experiment will be successful," Mr Payne said.

There would also be advantages in expanding community service orders to juvenile offenders. Wrongdoers would be making reparation not in financial terms, but by physical effort, and it also might make them realize the time and effort it took to rectify something that had been destroyed in seconds.

Punishment was the ultimate sanction against vandalism, and local authorities should take steps to prevent vandalism, but that would cost money.

Preserving the environment was most important. "It may be a small battle, but almost without exception where the authorities have persisted by repairing damage, replacing trees and shrubs, getting rid of disfigurement, they have eventually overcome the problem."

"Maintenance is vital and it should not bear the brunt of spending cuts," Mr Payne said. Damage, however caused, ought to be made good without delay because failure to do so might result in further damage.

He urged the recruitment of more staff, including park keepers. "It has little doubt that the gradual disappearance of the resident park keepers from our public parks and gardens, and their replacement by mobile guards has left these areas more vulnerable to attack."

In spite of the cost of employing more staff, there was playing more staff, there was merit in examining the measures for protecting parks, including the employment of park keepers.

Financial restraints will continue to preclude many worthwhile projects, particularly those which involve expenditure on manpower. None the less, we must continue to exploit every means at our disposal to combat vandalism."

Mr Payne said that it was necessary to change attitudes among the potential vandals, among the general public and among official bodies. There was an important social education role for all public institutions to promote the twin concepts of civic rights and civic responsibilities, building up from the family to the neighbourhood and to the whole of society.

"Such closer links with the community must also effectively involve the police, since the prevention of crime and law enforcement cannot be achieved in isolation."

Several delegates pointed out to Mr Payne that he was asking them to spend more money when the Government was telling them to make further cuts in expenditure.

He replied: "I know money is limited. It is a question of priorities. Could the bill for vandalism and you may think some of it can be saved by spending in other ways."

Research evidence suggests that where the social circumstances of children are matched with the achievement of their classmates, it says.

"The union is therefore hopeful that if measures are taken to achieve a climate of welcoming acceptance of cultural and ethnic diversity in our community, children who may have had to contend with a hostile environment stemming from racial prejudice in society at large will gain in confidence and self-respect, which is the key to increasing motivation and decreasing alienation."

All student teachers should be given an awareness of the cultural and linguistic diversity in Britain; should be taught how to counter racial prejudice and stereotyping; and given information on Creole and other West Indian dialects.

The union calls for the development of diagnostic tests suitable for West Indian children. Conventional tests are often culturally biased and their results misleading, it says. That can lead to West Indian children being wrongly assessed and placed in special schools or classes for the educationally subnormal.

It also calls for the employment of more black teachers so as to raise the self-esteem, morale and motivation of black pupils.

The motivation of West Indian pupils in school is profoundly affected by their employment prospects. Many of their parents are employed in unskilled or low-status jobs, or are unemployed.

Mr John Pollock, general secretary, said the ballot had shown the anger of teachers at being singled out to have a rigid pay policy imposed on them. "This will be the first time in the history of the teaching profession in Scotland that teachers will have been committed to action from the very beginning of a new school session. It is very serious for Scottish education."

Selective action has been taken in schools over the last few weeks, financed by a levy on all members, which has involved an action found of £500,000. Mr Pollock said that the teachers realized that they might not win the claim for 18 per cent but they regarded the offer of 14 per cent as totally unfair.

The precise form of disruption will be announced at the beginning of the next session. Mr Pollock indicated that it would be varied to ensure maximum effect.

By Diana Geddes  
Education Correspondent

A modified version of the Labour Party proposal to charge independent school pupils the full cost of their university education has been included in the final report of the party's education subcommittee, although a large majority of the subcommittee was against it.

The modified version allowed through despite majority opposition because it was included only as one of several policy options on ways of ending private schooling.

Under the new proposal, independent school pupils would be charged the normal home student rate of £740 for an undergraduate, instead of the £2,000 to £5,000 originally proposed, but would not be eligible for the normal student mandatory grant.

All the other proposals in the original report of the working party on private schools, chaired by Mr Neil

playing more staff, there was merit in examining the measures for protecting parks, including the employment of park keepers.

Financial restraints will continue to preclude many worthwhile projects, particularly those which involve expenditure on manpower. None the less, we must continue to exploit every means at our disposal to combat vandalism."

Mr Payne said that it was necessary to change attitudes among the potential vandals, among the general public and among official bodies. There was an important social education role for all public institutions to promote the twin concepts of civic rights and civic responsibilities, building up from the family to the neighbourhood and to the whole of society.

"Such closer links with the community must also effectively involve the police, since the prevention of crime and law enforcement cannot be achieved in isolation."

Several delegates pointed out to Mr Payne that he was asking them to spend more money when the Government was telling them to make further cuts in expenditure.

He replied: "I know money is limited. It is a question of priorities. Could the bill for vandalism and you may think some of it can be saved by spending in other ways."

Research evidence suggests that where the social circumstances of children are matched with the achievement of their classmates, it says.

"The union is therefore hopeful that if measures are taken to achieve a climate of welcoming acceptance of cultural and ethnic diversity in our community, children who may have had to contend with a hostile environment stemming from racial prejudice in society at large will gain in confidence and self-respect, which is the key to increasing motivation and decreasing alienation."

All student teachers should be given an awareness of the cultural and linguistic diversity in Britain; should be taught how to counter racial prejudice and stereotyping; and given information on Creole and other West Indian dialects.

The union calls for the development of diagnostic tests suitable for West Indian children. Conventional tests are often culturally biased and their results misleading, it says. That can lead to West Indian children being wrongly assessed and placed in special schools or classes for the educationally subnormal.

It also calls for the employment of more black teachers so as to raise the self-esteem, morale and motivation of black pupils.

The motivation of West Indian pupils in school is profoundly affected by their employment prospects. Many of their parents are employed in unskilled or low-status jobs, or are unemployed.

Mr John Pollock, general secretary, said the ballot had shown the anger of teachers at being singled out to have a rigid pay policy imposed on them. "This will be the first time in the history of the teaching profession in Scotland that teachers will have been committed to action from the very beginning of a new school session. It is very serious for Scottish education."

Selective action has been taken in schools over the last few weeks, financed by a levy on all members, which has involved an action found of £500,000. Mr Pollock said that the teachers realized that they might not win the claim for 18 per cent but they regarded the offer of 14 per cent as totally unfair.

The precise form of disruption will be announced at the beginning of the next session. Mr Pollock indicated that it would be varied to ensure maximum effect.

By Diana Geddes  
Education Correspondent

A modified version of the Labour Party proposal to charge independent school pupils the full cost of their university education has been included in the final report of the party's education subcommittee, although a large majority of the subcommittee was against it.

The modified version allowed through despite majority opposition because it was included only as one of several policy options on ways of ending private schooling.

Under the new proposal, independent school pupils would be charged the normal home student rate of £740 for an undergraduate, instead of the £2,000 to £5,000 originally proposed, but would not be eligible for the normal student mandatory grant.

All the other proposals in the original report of the working party on private schools, chaired by Mr Neil

playing more staff, there was merit in examining the measures for protecting parks, including the employment of park keepers.

Financial restraints will continue to preclude many worthwhile projects, particularly those which involve expenditure on manpower. None the less, we must continue to exploit every means at our disposal to combat vandalism."

Mr Payne said that it was necessary to change attitudes among the potential vandals, among the general public and among official bodies. There was an important social education role for all public institutions to promote the twin concepts of civic rights and civic responsibilities, building up from the family to the neighbourhood and to the whole of society.

"Such closer links with the community must also effectively involve the police, since the prevention of crime and law enforcement cannot be achieved in isolation."

Several delegates pointed out to Mr Payne that he was asking them to spend more money when the Government was telling them to make further cuts in expenditure.

He replied: "I know money is limited. It is a question of priorities. Could the bill for vandalism and you may think some of it can be saved by spending in other ways."

Research evidence suggests that where the social circumstances of children are matched with the achievement of their classmates, it says.

"The union is therefore hopeful that if measures are taken to achieve a climate of welcoming acceptance of cultural and ethnic diversity in our community, children who may have had to contend with a hostile environment stemming from racial prejudice in society at large will gain in confidence and self-respect, which is the key to increasing motivation and decreasing alienation."

All student teachers should be given an awareness of the cultural and linguistic diversity in Britain; should be taught how to counter racial prejudice and stereotyping; and given information on Creole and other West Indian dialects.

The union calls for the development of diagnostic tests suitable for West Indian children. Conventional tests are often culturally biased and their results misleading, it says. That can lead to West Indian children being wrongly assessed and placed in special schools or classes for the educationally subnormal.

It also calls for the employment of more black teachers so as to raise the self-esteem, morale and motivation of black pupils.

The motivation of West Indian pupils in school is profoundly affected by their employment prospects. Many of their parents are employed in unskilled or low-status jobs, or are unemployed.

Mr John Pollock, general secretary, said the ballot had shown the anger of teachers at being singled out to have a rigid pay policy imposed on them. "This will be the first time in the history of the teaching profession in Scotland that teachers will have been committed to action from the very beginning of a new school session. It is very serious for Scottish education."

Selective action has been taken in schools over the last few weeks, financed by a levy on all members, which has involved an action found of £500,000. Mr Pollock said that the teachers realized that they might not win the claim for 18 per cent but they regarded the offer of 14 per cent as totally unfair.

The precise form of disruption will be announced at the beginning of the next session. Mr Pollock indicated that it would be varied to ensure maximum effect.

By Diana Geddes  
Education Correspondent

A modified version of the Labour Party proposal to charge independent school pupils the full cost of their university education has been included in the final report of the party's education subcommittee, although a large majority of the subcommittee was against it.

The modified version allowed through despite majority opposition because it was included only as one of several policy options on ways of ending private schooling.

Under the new proposal, independent school pupils would be charged the normal home student rate of £740 for an undergraduate, instead of the £2,000 to £5,000 originally proposed, but would not be eligible for the normal student mandatory grant.

All the other proposals in the original report of the working party on private schools, chaired by Mr Neil



Sweeping in: Some of more than 250 Government office cleaners who arrived in London yesterday to mount a lobby of Parliament. They were protesting against the decision to make 68 cleaners in the Ministry of Defence redundant and give the work to contract cleaners, and they also sent a deputation to Downing Street to hand in a letter to Mrs

Margaret Thatcher. The women, the Transport and General Union. The women's claims are being paid, a supported by members of the Civil and Public Services Association and

the Transport and General Union. The women's claims are being paid, a supported by members of the Civil and Public Services Association and

the Transport and General Union. The women's claims are being paid, a supported by members of the Civil and Public Services Association and

## Call to train teachers for mixed race society

By Our Education Correspondent

All student teachers should be trained in how to teach in a multicultural society, the National Union of Teachers says in evidence to the Aampton Committee of inquiry into the education of children from ethnic minority groups, published today.

Research evidence suggests that where the social circumstances of children are matched with the achievement of their classmates, it says.

"The union is therefore hopeful that if measures are taken to achieve a climate of welcoming acceptance of cultural and ethnic diversity in our community, children who may have had to contend with a hostile environment stemming from racial prejudice in society at large will gain in confidence and self-respect, which is the key to increasing motivation and decreasing alienation."

All student teachers should be given an awareness of the cultural and linguistic diversity in Britain; should be taught how to counter racial prejudice and stereotyping; and given information on Creole and other West Indian dialects.

The union calls for the development of diagnostic tests suitable for West Indian children. Conventional tests are often culturally biased and their results misleading, it says. That can lead to West Indian children being wrongly assessed and placed in special schools or classes for the educationally subnormal.

It also calls for the employment of more black teachers so as to raise the self-esteem, morale and motivation of black pupils.

The motivation of West Indian pupils in school is profoundly affected by their employment prospects. Many of their parents are employed in unskilled or low-status jobs, or are unemployed.

Mr John Pollock, general secretary, said the ballot had shown the anger of teachers at being singled out to have a rigid pay policy imposed on them. "This will be the first time in the history of the teaching profession in Scotland that teachers will have been committed to action from the very beginning of a new school session. It is very serious for Scottish education."

Selective action has been taken in schools over the last few weeks, financed by a levy on all members, which has involved an action found of £500,000. Mr Pollock said that the teachers realized that they might not win the claim for 18 per cent but they regarded the offer of 14 per cent as totally unfair.

The precise form of disruption will be announced at the beginning of the next session. Mr Pollock indicated that it would be varied to ensure maximum effect.

By Diana Geddes  
Education Correspondent

A modified version of the Labour Party proposal to charge independent school pupils the full cost of their university education has been included in the final report of the party's education subcommittee, although a large majority of the subcommittee was against it.

The modified version allowed through despite majority opposition because it was included only as one of several policy options on ways of ending private schooling.

Under the new proposal, independent school pupils would be charged the normal home student rate of £740 for an undergraduate, instead of the £2,000 to £5,000 originally proposed, but would not be eligible for the normal student mandatory grant.

All the other proposals in the original report of the working party on private schools, chaired by Mr Neil

playing more staff, there was merit in examining the measures for protecting parks, including the employment of park keepers.

Financial restraints will continue to preclude many worthwhile projects, particularly those which involve expenditure on manpower. None the less, we must continue to exploit every means at our disposal to combat vandalism."

Mr Payne said that it was necessary to change attitudes among the potential vandals, among the general public and among official bodies. There was an important social education role for all public institutions to promote the twin concepts of civic rights and civic responsibilities, building up from the family to the neighbourhood and to the whole of society.

"Such closer links with the community must also effectively involve the police, since the prevention of crime and law enforcement cannot be achieved in isolation."

Several delegates pointed out to Mr Payne that he was asking them to spend more money when the Government was telling them to make further cuts in expenditure.

He replied: "I know money is limited. It is a question of priorities. Could the bill for vandalism and you may think some of it can be saved by spending in other ways."

Research evidence suggests that where the social circumstances of children are matched with the achievement of their classmates, it says.

"The union is therefore hopeful that if measures are taken to achieve a climate of welcoming acceptance of cultural and ethnic diversity in our community, children who may have had to contend with a hostile environment stemming from racial prejudice in society at large will gain in confidence and self-respect, which is the key to increasing motivation and decreasing alienation."

All student teachers should be given an awareness of the cultural and linguistic diversity in Britain; should be taught how to counter racial prejudice and stereotyping; and given information on Creole and other West Indian dialects.

The union calls for the development of diagnostic tests suitable for West Indian children. Conventional tests are often culturally biased and their results misleading, it says. That can lead to West Indian children being wrongly assessed and placed in special schools or classes for the educationally subnormal.

It also calls for the employment of more black teachers so as to raise the self-esteem, morale and motivation of black pupils.

## Health service winter likely to be free of discontent, minister says

By Annabel Ferriman  
Health Services Correspondent

The "winter of discontent" was a warning point in the National Health Service staff would be extremely reluctant to embark on such a course again, Mr Patrick Jenkin, Secretary of State for Social Services, said yesterday.

He told the annual meeting of the National Association of Health Authorities in London that despite the apparent unanimity of the embarking on their union conference, he did not think that the health service would be disrupted this winter.

"While we should not cast in on the unwillingness of people to start disruptive action, I hope that union leaders who think they can secure such action again will take full account of their members' feelings. I do not think there is stomach for that fight again."

Mr Jenkin was referring to remarks made last week by Mr Terence Mallinson, a negotiator for ambulance men, at the conference of the Confederation of Health Services Employees (Cohse), who said that industrial action could occur this winter if the Government made an unrealistic pay offer.

Mr Jenkin said that it was up to health authorities and the management to employ to stand up to anyone who tried to victimize staff refusing to take action. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

Mr Jenkin, accused by one member of the conference of wanting to run the health service on raffle tickets and tombola stalls, said that the NHS was one of only four services that had been allowed some measure of real growth this year, the other three being defence, the police and the social security programme.

Earlier in the conference Mr Cecil Clothier, the Health Service Ombudsman, reiterated his demand that he should have powers to initiate investigations instead of having to wait for a complaint from a patient.

He had had a complaint from the Patients' Association about a man who posed as an orthopaedic surgeon and carried out 29 operations before he was discovered. The association told him that the health authority involved was not intending to tell any of the patients concerned, none of whom had complained. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

Mr Jenkin, accused by one member of the conference of wanting to run the health service on raffle tickets and tombola stalls, said that the NHS was one of only four services that had been allowed some measure of real growth this year, the other three being defence, the police and the social security programme.

Earlier in the conference Mr Cecil Clothier, the Health Service Ombudsman, reiterated his demand that he should have powers to initiate investigations instead of having to wait for a complaint from a patient.

He had had a complaint from the Patients' Association about a man who posed as an orthopaedic surgeon and carried out 29 operations before he was discovered. The association told him that the health authority involved was not intending to tell any of the patients concerned, none of whom had complained. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

Mr Jenkin, accused by one member of the conference of wanting to run the health service on raffle tickets and tombola stalls, said that the NHS was one of only four services that had been allowed some measure of real growth this year, the other three being defence, the police and the social security programme.

Earlier in the conference Mr Cecil Clothier, the Health Service Ombudsman, reiterated his demand that he should have powers to initiate investigations instead of having to wait for a complaint from a patient.

He had had a complaint from the Patients' Association about a man who posed as an orthopaedic surgeon and carried out 29 operations before he was discovered. The association told him that the health authority involved was not intending to tell any of the patients concerned, none of whom had complained. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

Mr Jenkin, accused by one member of the conference of wanting to run the health service on raffle tickets and tombola stalls, said that the NHS was one of only four services that had been allowed some measure of real growth this year, the other three being defence, the police and the social security programme.

Earlier in the conference Mr Cecil Clothier, the Health Service Ombudsman, reiterated his demand that he should have powers to initiate investigations instead of having to wait for a complaint from a patient.

He had had a complaint from the Patients' Association about a man who posed as an orthopaedic surgeon and carried out 29 operations before he was discovered. The association told him that the health authority involved was not intending to tell any of the patients concerned, none of whom had complained. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

Mr Jenkin, accused by one member of the conference of wanting to run the health service on raffle tickets and tombola stalls, said that the NHS was one of only four services that had been allowed some measure of real growth this year, the other three being defence, the police and the social security programme.

Earlier in the conference Mr Cecil Clothier, the Health Service Ombudsman, reiterated his demand that he should have powers to initiate investigations instead of having to wait for a complaint from a patient.

He had had a complaint from the Patients' Association about a man who posed as an orthopaedic surgeon and carried out 29 operations before he was discovered. The association told him that the health authority involved was not intending to tell any of the patients concerned, none of whom had complained. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

Mr Jenkin, accused by one member of the conference of wanting to run the health service on raffle tickets and tombola stalls, said that the NHS was one of only four services that had been allowed some measure of real growth this year, the other three being defence, the police and the social security programme.

Earlier in the conference Mr Cecil Clothier, the Health Service Ombudsman, reiterated his demand that he should have powers to initiate investigations instead of having to wait for a complaint from a patient.

He had had a complaint from the Patients' Association about a man who posed as an orthopaedic surgeon and carried out 29 operations before he was discovered. The association told him that the health authority involved was not intending to tell any of the patients concerned, none of whom had complained. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

Mr Jenkin, accused by one member of the conference of wanting to run the health service on raffle tickets and tombola stalls, said that the NHS was one of only four services that had been allowed some measure of real growth this year, the other three being defence, the police and the social security programme.

Earlier in the conference Mr Cecil Clothier, the Health Service Ombudsman, reiterated his demand that he should have powers to initiate investigations instead of having to wait for a complaint from a patient.

He had had a complaint from the Patients' Association about a man who posed as an orthopaedic surgeon and carried out 29 operations before he was discovered. The association told him that the health authority involved was not intending to tell any of the patients concerned, none of whom had complained. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance. The royal commission, which had dismissed the idea of an insurance-based scheme, had not weighed fully its potential advantages, he said, so the Department of Health and Social Security had started its own study.

Mr Jenkin, accused by one member of the conference of wanting to run the health service on raffle tickets and tombola stalls, said that the NHS was one of only four services that had been allowed some measure of real growth this year, the other three being defence, the police and the social security programme.

Earlier in the conference Mr Cecil Clothier, the Health Service Ombudsman, reiterated his demand that he should have powers to initiate investigations instead of having to wait for a complaint from a patient.

He had had a complaint from the Patients' Association about a man who posed as an orthopaedic surgeon and carried out 29 operations before he was discovered. The association told him that the health authority involved was not intending to tell any of the patients concerned, none of whom had complained. "You will be backed 110 per cent by the Government. It is up to you,

but by God, I will back you all the way."

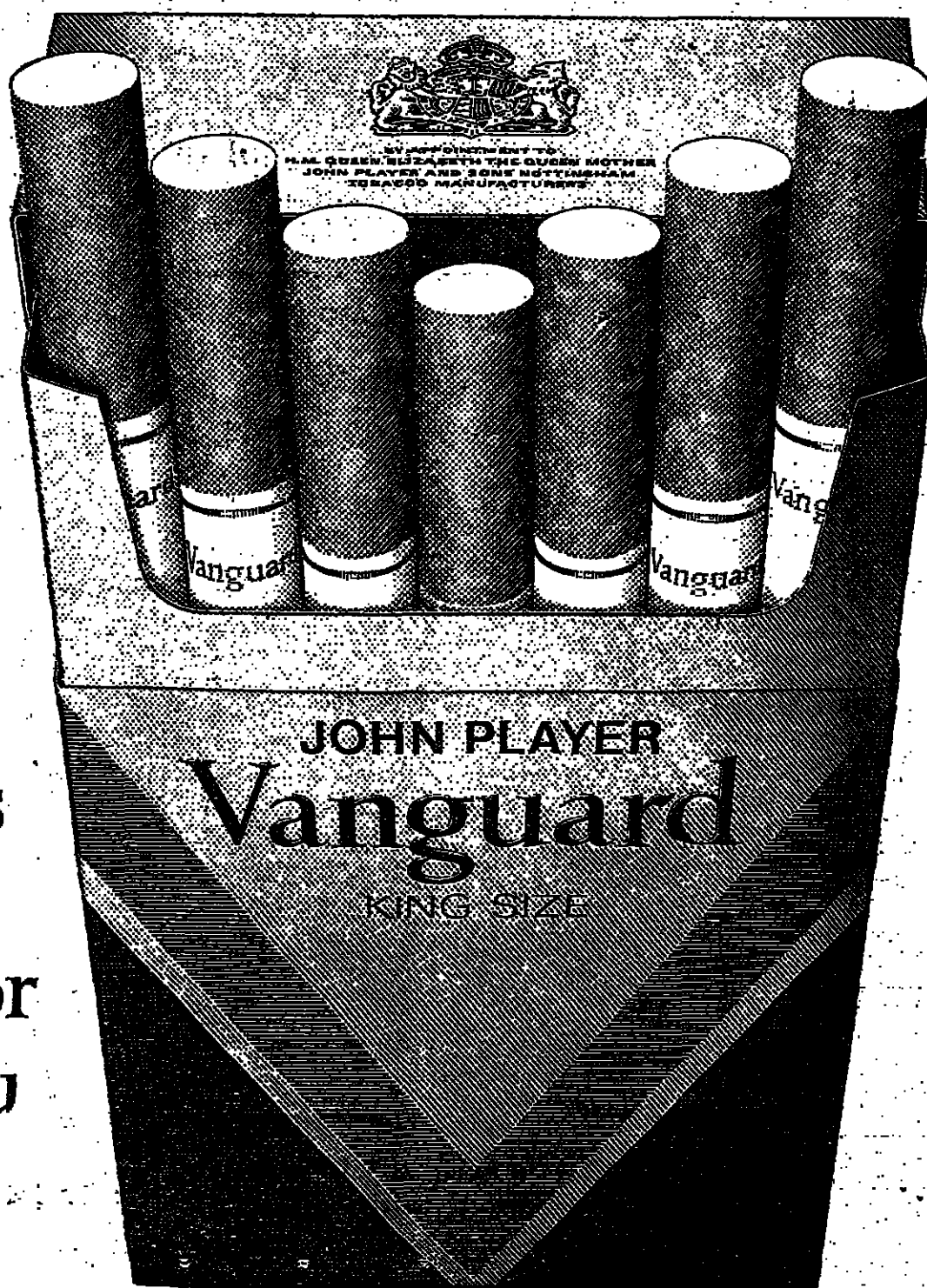
He told the conference that he would like to see more funds for the health service generated locally through some form of health insurance



# Now's the time to switch!

Our **FREE** pack offer makes it easy!

It's never been easier  
to switch to low tar.  
Before Vanguard now  
tar cigarette has  
aimed to match  
middle tar brands for  
taste. Isn't it time you  
tried it?



SPECIAL  
INTRODUCTORY PRICE

# 70p

Price recommended for packs marked 'Special Price'.

## Vanguard-Low Tar with Middle Tar Taste

The tar yield of this brand is designed to be LOW TAR. Manufacturer's estimate, January 1980, of group as defined in H.M. Government Tables.

H.M. Government Health Departments' WARNING:  
CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEALTH

JKV28 AT1



## Fo

**Hospital and Medical School.** Westminster Hospital is threatened with a reduction of 420 beds in the London Health Planning Consortium report and Westminster Medical School with closure in the Flowers committee report. (Our Health Services Correspondent writes).

Under that, the Official Solicitor in theory makes the application on behalf of the prisoner.

What is proposed in the private member's Bill, along the lines of the royal commis-

the royal commission's proposals on bail and other matters.

Photograph by John M. ...

If his Lordship were satisfied that the prerogative had originally extended to coins not gold

new Housing Bill. Tenants could continue to use the land until it was required for build-

about the possibility of meeting outside one day if they

day for exceeding a 40 mph

10 and 11 developed a non-dan

**More home ne**

causing the congenital malforma-

mations in the other cases. We

new Housing Bill. Tenants could continue to use the land until it was required for build-

about the possibility of meeting outside one day if they

day for exceeding a 40 mph | 10 and 11 developed a non-dan

**More home news, page**

In *Ryan and Williams v Schering Chemical Ltd and Another* (June 10) the Master of the Rolls said: "In considering the teratogenic capability of this drug" [Primidone] "it will be necessary for the court to consider the whole consensus of effects it might have in causing the congenital malforma-

**Daily Transcript Services**  
Barry Saines & Co  
40 St. Thomas St., Weymouth  
Dorset, DT4 8EH  
Tel 030 57-7536



## EST EUROPE

## M Giscard tries to rise above politics and speak for France

From Ian Murray

Paris, June 26.—President Giscard d'Estaing moved serenely through a ninth press conference held since he came to office 10 years ago, showing his mellow, confident—some would say arrogant—mastery of briefs varied as Afghanistan and price of books.

Over the previous 24 hours press and television had been preparing the public for his occasion. The President was careful to ensure that it did become a political event, twice during the hour 40 minutes that it lasted, political questions specifically raised. Once he said if he had called for a se in the enlargement of European Community, elected reasons, to which the ver was a short "No".

At the end he was asked a devious query permitted protocol of the occasion or he would be a candidate next year's presidential. He referred questions answers of two years, the same query: he not announce his candidature that would hinder carrying out his duties.

He allowed him simply to the questions in the he would like to be re—a statesman rising the political hubbub who seek for France.

devoted most of the alme to answering inter questions, Afghanistan, at the beginning with it the President's criticism visit to War—French said again that his with President Brezhnev had been "useful", that ad led to the first with Soviet troops, which gesture in the right "to go" and that France determined to seek a "trans-solution, which was pro by President Carter in de appeared generally so with his trip to that he announced he be making a further visit there in Sept—

Middle East was the bject. Again he re—that the solution of the recognition of the of Israel to secure and the rights of the in people to exist.

to the solution, how—"a race towards the since the Middle East would soon be equip—much more advanced geous weapons which used to add to the

## Nazi accused of artime p murders

ne, June 26.—Police trested a former Nazi raged him with the mur—at least 24 Jews in a ration camp near Riga,

named man, aged 64, eated while on holiday atic coast after several at a trial in Hamburg in as a former sergeant

accused of having old and sick camp to be put to death with ns of poison, between ne of 1943 and October the state prosecutor's aid.—Reuter.

## of of another Berlin hall anger of collapsing

roel Spitzer

une 26

Deutschlandhalle, a hall for sporting events, arts and other enter— in West Berlin, has be closed down by order. The roof support of the large build— erected in 1935 and 1957, were not com— by experts.

the announcement of closure, comes hard els of the collapse of the roof of Congress ularly known as the "Oyster", in the

there is no immu— of the Deutschland—ing down, nemed of precautions requre examination and pos tural improvements, causing indignation the engineers' report

## ervationist —ge being —, Duke says

Correspondent

une 26

ke of Edinburgh said while the message and for conservation be getting through, it was whether it was be acted upon.

as inaugurating the headquarters at Gland, Geneva, of the World Fund and its com— organization, the Inter—er Union for the Conser— Nature, The fund an— at the Duke would be president next year, as a world centre "conservation", the Duke the situ— was too Rus to allow luxury of rent conserv— bodies it— with g— bodies tion measures. Any world nearer to inter— ter.

## New talks begin on nuclear test ban treaty

Geneva, June 26.—American, Soviet and British negotiators today opened their tenth round of talks on a comprehensive nuclear test ban treaty.

The negotiators, now nearing the end of their third year of discussions, held a full delegation meeting, the first since April, at the Soviet mission here.

The talk take place outside the framework of the United Nations Geneva Disarmament Conference. But the final draft, extending an existing treaty to tests underground, is due to go before the United Nations forum for final approval.—Reuter.

## Man questioned in Seberg death inquiry

Paris, June 26.—French police last night questioned the last companion of Jean Seberg, the American actress who died in September of a barbiturates overdose.

Police said Mr Ahmed Hasni, aged 23, was detained and was being questioned as part of fresh inquiries into Miss Seberg's death.

Her body was found in a car mere than a week after her lover had reported her missing. At the time police said there was no sign of a crime.

A coronor said she had committed suicide by taking an overdose of sleeping pills. The actress, who was 41, also had a high level of alcohol in her blood. In September, the Federal Bureau of Investigation disclosed that it once tried to smear Miss Seberg because of her support for black power movements.

## EEC hopes vote will end budget dispute

From Robert Morgan  
Parliamentary Staff  
Luxembourg, June 26

The European Parliament embarked today on what MEPs hope will be the last stage in settling this year's EEC budget. Certainly the Council of Ministers and the Commission hope it is. The final vote will be taken tomorrow.

The conflict over the budget started last autumn when the Council of Ministers drastically reduced the original budget put forward by the Commission. Last December, Parliament, maintaining that it had a mandate from the people of the Community after direct elections, threw the budget out. Its reason was the budget's lack of balance—too much money to support inefficient farmers and too little to help poorer regions.

After much tough talking behind closed doors, the Council has now offered more for the poorer regions.

The budget, proposed by the ministers, is now 17,310m units of account (about £12,000m). More than 70 per cent is earmarked for supporting farmers under the common agricultural policy, but this could rise to nearer 80 per cent if harvests are bad.

Finance ministers, meeting here last week, agreed to offer Parliament a further £140m for so-called non-compulsory expenditure; that is on regional and social policies and other matters not connected with agricultural policy.

Parliamentary report, page 14

## Resumed superpower dialogue is the main object of Herr Schmidt's journey to Moscow

## Bonn fear of confrontation

From Patricia Cough  
Bonn, June 26

His differences with the Americans apparently settled, at least for the time being, Herr Helmut Schmidt, the West German Chancellor, embarks on Monday on one of the most difficult tasks of his career: his visit to Moscow. He will be the first Western statesman to enter the Kremlin since the Soviet invasion of Afghanistan.

The visit, unlike President Giscard d'Estaing's spectacular but apparently unproductive meeting with President Brezhnev in Warsaw, has been lightly and carefully prepared by both sides. Whatever the outcome, whether positive or negative, it will be of importance in the present world crisis.

The Chancellor is going to Moscow in a spirit which has increasingly marked the West German position since Afghanistan. It is that of a firmly committed member of Nato whose angle of vision is, for geographical and political reasons, inevitably somewhat different from that of its allies across the Atlantic or the North Sea.

The thought of Soviet missiles bombers piling up on the other side of the border, ready to turn West Germany into a radioactive desert, and the fact of two million potential hostages in West Berlin makes the German perception different. Yet suggestions in allied capitals that the Chancellor may betray, however slightly, the Nato cause, arouse fierce indignation among his staff.

"Those who say that simply don't know Helmut Schmidt," is the retort.

Nevertheless, mounting suspicion and unease in the United States about Herr Schmidt's intentions burst out into the open last week with a brusque worded letter from President Carter warning the Chancellor not to depart from the Nato position on medium range nuclear missiles.

Furious, the Chancellor reacted with a newspaper interview calling the letter "astonishing". He defended his proposal for a three-year freeze on deployment of medium range missiles—the source of the dispute—as being "in the mainstream of Western thinking".

Herr Schmidt appears to have cleared up the misunderstandings with President Carter and his other allies at the Venice summit and to have received full backing for his trip. "We think his attitude will spring from the middle of the Western alliance on all issues," an American diplomat here said.

The Chancellor's main purpose is to try to get a dialogue between the two super powers going again. He is afraid that otherwise they could slide unwittingly into a confrontation from which they could not draw back. He believes that Germans, who have suffered terribly in two world wars and fear, more than anyone else, a third, have a special responsibility to work for peace.

Herr Schmidt can be expected to express forcefully the Western view that the

Soviet invasion of Afghanistan is unacceptable. "We will not be easy people to talk to," his chief spokesman, Herr Klaus Eßling said. At the same time he will sound out any possibilities for a solution to the Afghanistan problem.

The Chancellor may be helped in his talks by his conviction that a solution cannot be found by "pushing" the Soviet Union. He believes the kind of "punishment" imagined by the United States would only make the Soviet Union even more intransigent.

He will also point out that the imbalance of nuclear forces in Europe cannot be tolerated. He will attempt to coax the Russians to "other" negotiating table over reducing the numbers of medium-range nuclear missiles.

There has been no indication whether from Moscow that the Chancellor will actually achieve anything. His chief aim is to have no illusions and since expectations are all very positive, he will be seen to be a great feather in his cap.

Herr Schmidt's trip has to do with the West German elections this autumn.

With the fear of war, the Germans' biggest concern at present, the Chancellor's efforts to preserve détente and stability in Europe while firmly supporting the alliance have already proved a winning card. To be seen pursuing these goals personally in Moscow can only enhance his image as the right man for troubled times.

## Turkish application to join EEC postponed

From Michael Hirst  
Ankara, June 26

Turkey has been forced to delay its application to join the EEC because of an internal political crisis, but the Turkish Government still intends to apply before the end of the year for full membership of the Community.

This emerged here today at a press conference given by Mr. Bayraktar Erkmen, the Turkish Foreign Minister, at the conclusion of a two-day meeting of Nato foreign ministers, at which he was the host.

Mr Erkmen replied with a crisp "no" when asked if he would be making a formal application to join the EEC when he meets Community foreign ministers in Brussels next Monday to review progress in implementing Turkey's treaty of association with the Nine.

Mr Erkmen recalled that the Government had decided some months ago to apply before the end of the year for membership and said that it would "stand by that decision".

There had been speculation here that Mr. Süleyman Demirel's right-of-centre Government would use next Monday's meeting as the occasion to apply formally for membership, a prospect which has sent tremors of alarm through EEC capitals.

But Mr Demirel's Government faces a parliamentary vote next Wednesday on a motion of censure tabled by the main opposition group, Mr. Bulent Ecevit's Republican People's Party, and needs the support of anti-EEC groups in the Parliament to survive.

Mr. Ecevit and his party are

not opposed in principle EEC membership, but they do not think that Turkey is ready to join.

The Turks consider they have been badly treated by the EEC and that the privileged access they are supposed to enjoy to Community markets under the association agreement has been nullified by concessions which the Nine have granted to other developing countries.

It is thought that one of the motives behind Turkey's protracted intention of applying for full membership may be to force the EEC to come up with a better financial and commercial offer as the price for postponing such an application.

Another worry in Ankara is that once Greece becomes a full member—on January 1 of next year—it could be in a position to veto any future Turkish application.

The Nine regard as little short of nightmarish the prospect of becoming embroiled in entry negotiations with Turkey at a time when the accession of Britain, Denmark and Ireland is still being digested, and further enlargement, to include Greece, Spain and Portugal, is under way.

A background against country of 45 million people, of whom only 10 million live on the European side of the Bosphorus, Turkey is in a state of almost permanent economic crisis. Inflation last year ranged between 80 and 100 per cent; the jobless accounted for 20 per cent of the labour force and foreign debts rose to nearly \$8,000m. Gross national product per capita is only a third of

## How to be a good listener.



- 1 Don't interrupt
- 2 Don't jump to conclusions
- 3 Don't assume you've heard it already
- 4 Do ask intelligent questions
- 5 Do keep an open mind
- 6 Do stay positive

• You can't be a good banker unless you're a good listener. And every one of our managers knows this very well. Check this out next time you talk to someone from the Midland. You'll find they actually believe their own advertising.

**Midland**

Come and talk to the listening bank

Midland Bank Limited



OVERSEAS

# Mr Reagan preempts President Carter's tax cutting strategy

From Frank Vogt  
Washington, June 26.

Mr Ronald Reagan, the Republican presidential candidate, has taken full advantage of President Carter's trip to Europe by securing newspaper headlines across the nation today with the announcement of a plan for tax cuts of \$25,000m (19,700m).

The plan is almost identical to the one that President Carter's assistants have been quietly developing for some weeks and which the President intended to announce in mid-July.

President Carter returned to Washington from Spain tonight confronted by a dilemma. He can hardly endorse the plan proposed by Mr Reagan, yet to oppose tax cuts staunchly will leave him open to only Republican attacks, but also to growing criticism from liberal Democrats, headed by Senator Edward Kennedy.

Mr Robert Strauss, who is the President's campaign manager, suggested today that the President will indeed have a tax cutting plan of his own.

Republicans in Congress, encouraged by Mr Reagan, are striving to ram home their advantage to the acute embarrassment of the Democrats. Republican senators have decided that they will not support Mr Reagan's tax cutting proposals to every new piece of legislation, thus forcing the Democrats to make a quick decision on whether or not to support fiscal stimulus for the ailing economy.

Mr Reagan, however, has done far more with his announcement than just win today's headlines and pre-empt President Carter's tax cutting strategy. He has also demonstrated that he already enjoys Republicans in Congress.

July 37 out of 41 Republican senators have endorsed Mr Reagan's tax cutting strategy. He has also demonstrated that he already enjoys Republicans in Congress.

July 37 out of 41 Republican senators have endorsed Mr Reagan's tax cutting strategy. He has also demonstrated that he already enjoys Republicans in Congress.

## President's popularity seriously eroded by his failure to solve international crises Foreign policy weakness swings voters to Republicans

By Patrick Brogan

Foreign affairs are going to play a larger part than usual in this year's presidential election. There are those who insist that inflation, unemployment and interest rates are all that matters, that the difficulties of America's relations with the Middle East, the Soviet Union, Europe and Central America are altogether marginal and of no concern to voters in Indiana or Nebraska.

Many of them, including Mr Ronald Reagan, believe that President Carter is a weak President and should be replaced because of his failures in foreign affairs. Indeed, a number of once-prominent Democrats have come out in support of Mr Reagan, despite their doubts about his domestic policies, just because they consider that the republic is in danger with Jimmy Carter as the helm.

The eastern establishment, however, is much exercised by questions of the Strategic Arms Limitation Treaty (SALT), the Middle East, the supposed lack of solidarity shown by European allies or the disrespect shown by Nicaraguans, Iranians and Pakistanis.

There is precious little evidence that large numbers of people in the heartlands will decide how to vote on the matter of the size of the defence budget or even on the grain embargo, but there is plenty of evidence that the President's failures in foreign affairs have spread the view that he is incompetent.

When the Camp David peace agreement was signed in September, 1978, the President's popularity rose dramatically. It declined thereafter, but revived again when he succeeded in persuading the Egyptian and Israeli Governments to accept their preliminary agreements into a detailed peace treaty.

The Venice summit will doubtless give him a lift in the polls. Conversely, the Panama Canal treaties and perhaps SALT as well, probably did him more damage than good. No one cared enough about them to give him the credit. Plenty of people approved them.

The most startling instance of foreign crises affecting the President's popularity was the taking of hostages of the Americans in Tehran, and the fact that the Russians now have or will very soon have a clear lead over the United States in all aspects of military power.

None of which means that Mr Carter can look to successes on foreign fields to save him. If unemployment is at 8 per cent and inflation at 15 per cent again come November, the political campaign will be much higher than this analysis would suggest, however, and if the President's popularity is in danger, because of failures by the President to point out that the decline in defence spending goes back to the Republican days of Presidents Nixon and Ford, Mr Reagan is not loyal to those departed.

He also knows that a suggestion that the nation is in danger, because of failures by the President to point out that the decline in defence spending goes back to the Republican days of Presidents Nixon and Ford, Mr Reagan is not loyal to those departed.

Worst of all, if the Camp David agreement breaks down before the election, whoever may be at fault, Mr Carter will be blamed by the electorate, and will be deprived of his favourite electoral slogan, "Vote for the Peacemaker".

What he will do instead is to paint Governor Reagan as a warmonger, as Mr Lyndon Johnson successfully painted Senator Goldwater in 1964. This is probably where foreign affairs will play their most prominent role in the election. Mr Carter and his assistants will not scruple to advance the argument that Mr Reagan's finger should be kept as far from the nuclear trigger as possible and that whatever Mr Carter's failings on foreign and domestic policies, he can at least be trusted to think twice before getting us all blown up.

# Port Vila takes hard line over constitution

From Denis Reinhardt  
Port Vila, Friday morning

With a high-level Anglo-French mission due in Port Vila on Monday, the New Hebrides Government has firmly reiterated its refusal to negotiate any constitutional proposals which it believes France and Britain may have agreed to at a meeting in London on Wednesday.

The New Hebrides Government is convinced that if mission will threaten its independence unless the agreement on constitutional guarantees and political office for the French speaking minority.

A spokesman for Father Walter Lini, Chief Minister of the New Hebrides, told *The Times* last night: "We're not prepared to be abandoned by Britain to its long-term European interests."

Father Lini's Government, which won two-thirds of the New Hebrides Assembly in elections last November, claims the talks by Paris, London, five weeks before scheduled independence July 30, show France is a "lost cause".

"They said, 'before we go to the game, let us know what the result of that game was clear and unequivocal. What right have they now to reopen the issue of a different set of rules?'"

Father Lini's Government has a hardline attitude comes at a time when the ministerial discussions in Paris and London stretch more than a week — to which it was not invited to participate. It claims not to have been briefed either officially or vately on the outcome.

Last night a semi-official radio broadcast in the New Hebrides territory of Caledonia, quoting Father Lini, noted that the London talks were complex. "Amongst more difficult problems, are the organisation of the new state, the rights of the French, the rights of the chiefs, and guarantees for cultural interests of the French minorities and their participation in the future of the broadcast said."

"The French Secretary of State's delegation at the talks is said to consider that Chief Minister's recent comments against forming a government of coalition with the British authorities, directly opposed to the at conciliation which are proposed by France and Britain, and do not help the situation."

In the past France has refused to air its position on the New Hebrides. British authorities here understood to be concerned the broadcast did not can the question of an end to Espiritu Santo secessionist rebellion.

French choice: M Jean Arribaud, a senior councillor at the argument of Overseas Territories has been chosen to represent the French Government in talks in the New Hebrides which are to explore a possible settlement (Ian Murray from Paris).

M Arribaud has been charged of the New Hebrides dossier at the Ministry for past two years.

## US Elections

Republican challenger is determined to press the fight against the President on matters of defence and diplomacy (or national security, as he prefers to call it), then Mr Carter will be bound to respond.

The first of these challenges, and the most fundamental, is that America's defences have been neglected in recent years, and that the Russians now have or will very soon have a clear lead over the United States in all aspects of military power.

## Assurance in Lisbon on Nato support

Lisbon, June 26.—President Carter said here that his talks with Portuguese leaders today had bolstered his confidence in the unity of the North Atlantic Treaty Organization.

After receiving a public assurance of support from President Antonio Ramalho Eanes, Mr Carter said the Western alliance was facing a new challenge to its most vital economic interests.

"Do we have the will, the capacity, the resolve to make a common stand? I am confident that we can and my confidence has been bolstered by the talks I have had here today," Mr Carter said at a state luncheon.

Mr Carter had talks with Dr Francisco Sá Carneiro, the Prime Minister, soon after landing here for a six-hour stopover on his way back to Washington at the end of a European tour.

Dr Carneiro told reporters that his government's strengthening Western defence and economic co-operation was a top priority.

President Eanes said at today's luncheon that Portugal would never forget how America had stood by it when economic problems threatened the future of democracy after the 1974 revolution.

Portugal will not act differently within the limits of its possibilities and its own bond with America. It will be a disturbed present situation. Western solidarity assumes an increasingly higher importance. From our side, it will not be questioned. Portugal will fulfill all its engagements towards NATO.

Preliminary negotiations between Washington and Lisbon on providing a base for an American aircraft carrier, possibly in Lisbon, and stationing



A happy welcome for President Carter, in Lisbon when he laid a wreath at the tomb of Vasco da Gama, the explorer.

mid-air refuelling KC135 aircraft at the Beja air base south of here began earlier this year. Portuguese leaders today have bolstered his confidence in the unity of the North Atlantic Treaty Organization.

There are unofficial hints that Spanish officials hoped to weave into the conversation some veiled criticism of the French desire to postpone Spain's entry into the EEC. Another stumbling block may have been American anxiety to stop the prospect of a Spanish participation in the Western defence.

A statement issued by the Spanish Government today said: "It is evident that Western solidarity constitutes one of the main aspects of democratic Spain's foreign policy. The statement referred to the Kremlin might be tempted by recent American hints of flexibility on the issue."

During President Carter's European tour, White House and State Department officials have been emphasizing American readiness to hold talks with Moscow and offer the Kremlin a face-saving way out of Afghanistan. While he was in

Spain yesterday, a White House spokesman acknowledged a commitment to defend Western interests in Afghanistan.

The hostile Tass commentary indicated that there would be no positive response from Moscow.

It said that "anti-Sovietism and hostility to détente were the basis for the President's policies, and Mr Carter was 'obstinately and bashfully keeping silent' about the real causes of current world tension."

"Why, indeed, does President Carter keep silent about the obvious unwillingness of the United States to end the armed aggression against the Democratic Republic of Afghanistan organized by the United States and Peking from Pakistan territory?"

Why does he keep silent on the United States' willingness to pull out the American Navy from the Persian Gulf and the Indian Ocean? Tass asked.—Reuter.

## Russians withdrawing only unneeded troops

By Henry Stanhope  
Defence Correspondent

Intelligence sources in London say that the Soviet Union has withdrawn about 6,000 troops from Afghanistan so far and the operation is continuing.

But the troops which have been withdrawn so far do not form part of any of the divisional formations, like the three motorised divisions and one airborne division operating in the country.

One tank regiment has moved from the Kabul area, and the others are air-defence, anti-tank and surface-to-surface missile units which have been proved largely redundant in a counter-insurgency campaign.

The sources point out that their removal eases the Soviet supply and support operations, and by publicizing the withdrawal Moscow has simply made political capital out of military convenience.

Before the withdrawal started Soviet troops were regularly estimated as 70,000 ground troops, 7,000 air force members and between 3,000 and 4,000 administrative staff.

The sources estimate the Soviet casualty figures at between 3,000 and 4,000, which is lower than some press reports have indicated. As many as one in three of these, however, is believed to be a fatality.

The Afghan situation is now thought to be down to between 40,000 and 50,000 in strength, compared with between 80,000 to 100,000 before the Soviet invasion.

## Helicopter shot down on border

From Nicholas Ashford  
Johannesburg, June 26

A South African helicopter has been shot down in the growing war along the border between the Namibia (South West Africa) and Angola, the South African Defence Force announced today.

Both crewmen escaped unhurt, but the flight engineer was subsequently killed during an attack by Angolan forces. According to the statement, the pilot fought his way through the attackers to safety.

It did not say where the incident took place, except that it was in the "border area" in a term used to describe the Namibia-Angolan border region where South African forces are fighting Angolan-based guerrillas from the South West Africa People's Organisation (SWAPO).

According to an Angolan Defence Ministry statement, reported by the Angolan news agency, the helicopter was taking part in an attack against Angolan positions. The statement said it was shot down on Monday as it was landing troops near the town of Kungene province.

That South Africa has admitted the flight engineer was killed by Angolan forces to confirm that the aircraft was shot down is no secret that it was shot down in the border area. It is not clear whether the helicopter was shot down by SWAPO guerrillas or by Angolan forces, but it is generally thought to have been shot down by Angolan forces.

One of the biggest cross-border raids took place two weeks ago when a large South African armoured and airborne force crossed into southern Angola, killing at least 200 SWAPO personnel. Their own casualties were 16 dead.

The attack came when there is growing international pressure on South Africa to agree to the implementation of United Nations Security Council Resolution 435 for a ceasefire and United Nations-supervised elections in Namibia. This week Dr Kurt Waldheim, the Secretary-General, replied to a South African letter that expressed reservations about some aspects of the plan.

His reply is believed to have satisfied most, but not all, of South Africa's reservations.

It is thought that the latest attack may be an attempt by South Africa to cut off SWAPO as far as possible before agreeing to a ceasefire. The attacks also coincide with a series of important constitutional changes affecting the territory.

Among the most important will be the installation next week of a 12-member ministerial council headed by a prime minister. He will be Mr Dirk Mudge, leader of the multi-ethnic Democratic Turnhalle Alliance (DTA).

The council will have executive powers, although the prime minister will continue to reside with South Africa and its representative in Windhoek, Dr Gerrit Viljoen, the Administrator-General.

## Salisbury to end diplomatic links with South Africa

From Frederick Cleary  
Salisbury, June 26

Mr Robert Mugabe, the Zimbabwe Prime Minister, said today he was ready to cut diplomatic ties with South Africa and maintain only economic links. In a policy statement he told Parliament: "We cannot have any political or diplomatic relations with South Africa until it puts its own political house in order and kills the repugnant and repulsive we have to apartheid."

To rounding applause from the 80 black members of the 100-seat House of Assembly, Mr Mugabe acknowledged that South Africa was a geographic and economic reality upon which Zimbabwe had become much more dependent over the past 15 years. This reality could not be ignored and in such circumstances the inevitable relations were inevitable. Accordingly it was necessary to allow representation at that level.

On internal matters, Mr Mugabe said that the Zimbarwe government was using their power to influence political affairs.

Mr Mugabe said that the Zimbarwe government was using their power to influence political affairs.

## Mr Botha set to meet church leaders for talks

Pretoria, June 26.—Mr P. W. Botha, the South African Prime Minister, said today that he was ready to meet church leaders here on August 7 for talks on national issues.

He was responding to a new statement by the South African Council of Churches in which it was proposed by the strongly anti-apartheid Christian umbrella organization through Bishop Desmond Tutu, its Anglican general secretary.

Bishop Tutu, a black activist, had said a meeting with Mr Botha was urgent because of the serious crisis in South Africa since the recent 22 deaths, mostly in the Cape Town area, in the worst violence since the Soweto student riots four years ago.

Mr Botha had posed four conditions for such a meeting: the rejection of communism, disavowal from campaigns discouraging young men from national service, a renunciation of violence and repudiation of the banned African National Congress.

The Prime Minister rejected the council's first response to his conditions as insufficient and unsatisfactory. Last night it issued a new statement rejecting in violence as a means of maintaining or overthrowing the authority of the state.

## Fears for Kenyan tourist trade after robberies

From Our Correspondent  
Nairobi, June 26

Tour operators here are urging the Kenyan Government to take further action to protect tourists in areas near the Tanzanian border in the wake of three recent attacks by armed Tanzanian gangs on tourists in the Masai Mara game reserve.

Two incidents in the past week have alarmed tour operators who fear there will be large-scale cancellations of bookings. In one incident, uniformed Tanzanian troops raided a luxury camp and robbed 10 tourists of money, clothing and valuables.

In the second incident, raiders held up a bus on a lonely track and forced two British and two American tourists to walk several miles into Tanzania before robbing them. Tourists' shoes were taken and they had to walk barefoot.

The Kenyan authorities, stepping up police patrols, the border area, but they face a difficult task as the border is unmarked and unguarded by tourists pass close to the Tanzanian border.

There are hardly any posts on the Tanzanian side of the border, but the tourists on the Kenyan side have since Tanzania closed its border with Kenya more than three years ago. Many tourists stay in isolated huts from the nearest police post for miles.

The Masai Mara is a vast, unspoiled atmosphere with herds of wild game.

## OAU condemns arms build-up in Indian Ocean

Free Town, June 26.—Great power military expansion in the Indian Ocean was condemned in a resolution approved here yesterday by the drafting committee of the ministerial conference preparing the agenda for next week's summit meeting of the Organization of African Unity.

The text asks the big powers to respect the status of the Indian Ocean as a zone of peace and demands the dismantling of bases and other military installations.

Diego Garcia call: A majority of members in the Mauritius Parliament today urged the Government to demand formally the return of Diego Garcia, the American military base in the Indian Ocean.

Diego Garcia is a tiny island in the Chagos archipelago. This island group, including Diego Garcia, was ceded to Britain in 1966 before Mauritius received independence from the British Crown. Agence France-Presse and AP.

## 'Burdensome prolongation of life' can be refused

Continued from page 1

"By accepting them, the patient can even show generosity in the service of humanity. It is also permitted, with the patient's consent, to interrupt these means, where the results fall short of expectations."

For such a decision to be made, account would have to be taken of the reasonable wishes of the patient's family, as well as of the advice of the doctors.

"The latter may in particular judge that the investment in instruments and personnel is disproportionate to the results foreseen. They may also judge that the techniques applied impose on the patient strain or suffering of proportion with the benefits which he or she may gain from such techniques."

Finally, the statement reached this conclusion: "When inevitable death is imminent in spite of the means used, it is permitted in conscience to take the decision to refuse forms of treatment that would only secure a precarious and burdensome prolongation of life, so long as the normal care due to the sick person in similar cases does not interrupt such circumstances, the doctor has no reason to reproach himself with failing to help the person in danger."

The document closed with the claim that it was inspired "by a profound desire to serve the plan of the Creator. Life is a gift of God and on the other hand death is unavoidable. It is necessary therefore that we, without in any way hastening the hour of death, should be able to accept it with full responsibility and dignity."

The statement was signed by Cardinal Seper, the Prefect of the Sacred Congregation, and by Mr Jerome Hamer, the Secretary. Attention is specifically drawn to the Pope's approval.

## BBC report urges changes in Zimbabwe broadcasting

From Our Correspondent  
Salisbury, June 26

A BBC report published here criticizes Zimbabwe broadcasting services and recommends extensive changes.

One of its main suggestions is that the Zimbabwe Broadcasting Corporation (ZBC) be made independent of government and political interests and serve people of all races. It says the performance of previous boards of governors was "disappointing".

The report was commissioned by Mr Robert Mugabe, the Prime Minister, soon after he assumed office earlier this year. Four senior BBC officials went to Salisbury to examine radio and television services.

The report was tabled in Parliament by Dr Nathan Shamuyarira, the Minister of Information, whose ministry is responsible for policy control of the state corporation. The report was eagerly awaited, because the use of state radio and television by the Rhodesian Front government for propaganda drew much local and international criticism as have recent political commentaries authorized by the new authorities.

The commentaries drew so much white criticism that the Prime Minister intervened. They have been stopped and a new format promised.

The BBC report said it found little respect or authority for the ZBC among the press and general public and it lacked credibility. It suggested that senior staff from all departments be sent to Britain for technical courses and refresher training and that at least four BBC journalists be attached to the ZBC newsroom.

## Disaster predicted in Jamaica

From Ivor Davis  
Kingston, Jamaica, June 26

The president of Jamaica's manufacturers' Association last night said the country was living on a hand-to-mouth existence from revenues from the bauxite and tourism industries but that could not save off economic collapse.

Mr Winston Mahood, addressing the annual meeting of the association, described a country crumbling, crippled by growing violence. Even workers who sought jobs were unable to leave their homes because of the violence.

"This chaotic, cancerous situation, which continued to be reported prominently in Kingston this week, Mr Mahood said many workers were forced to flee their homes and had no money to buy food. He said the country was living on a hand-to-mouth existence from revenues from the bauxite and tourism industries but that could not save off economic collapse."

Mr Mahood said the country was living on a hand-to-mouth existence from revenues from the bauxite and tourism industries but that could not save off economic collapse.



ERSEAS

## ean states adopt united stand ainst Hanoi's aggression d attempts to split alliance

avid Watts  
umpur, June 26  
oreign Ministers of the  
ion of South-East Asian  
(Asean) warned Viet-  
ight that it must mend  
if there is to be any  
on of talks over Kam-  
puchea.

Vietnamese showed a  
tive attitude, ministers  
l that there would be  
ss to reopen talks with  
Bur, for the present,  
Indonesians and Malay-  
are discounting any  
discussions in the wake  
am's incursion into  
st casualty of Asean's  
e against Vietnam—  
o longer any forcing  
is with references to  
ather than Vietnamese  
ill most likely be a  
nment of a visit to  
Air Chief Marshal  
Savetilla, the Thai  
Minister. There has so  
no response to an invi-  
Mr Nguyen Co Thach,  
amese Foreign Minis-  
sit Singapore on July  
The visit is now most  
to take place.  
e foreign ministers  
ins to point out at a  
ference at the conclu-  
th they will still seek  
l solution in Kampu-  
e member of Asean  
be free to talk to  
ovided that the Viet-  
e not given an oppor-  
tunity to attempt  
is association.

Quite how a political solution  
can be found without some sort  
of contact with Hanoi, the min-  
isters were unable to say.

Mr Sinnathamby Rajaratnam,  
first Deputy Prime Minister of  
Singapore, said the Vietnamese  
had hitherto used their dialogue  
with individual Asean countries  
as a weapon to see how far they  
could undermine its solidarity.  
Asean believes that Hanoi's  
policy has been to try to per-  
suade those countries with the  
most fear of China—Indonesia  
and Malaysia—that to forestall  
the long-term Chinese threat,  
they must accept a Vietnamese  
fait accompli in Kampuchea and  
the greater Chinese threat.

To that end Indonesia and  
Malaysia have been tempted to  
withdraw recognition from the  
Pol Pot regime in Kampuchea,  
which is Chinese-sponsored, as  
a first step towards accepting  
the right of the Hanoi-Sam-  
rui regime, which is Vietnamese-  
sponsored, to represent Kam-  
puchea at the United Nations.

However, today's final com-  
munique reaffirmed Asean  
solidarity behind the Pol Pot  
regime when the question of  
its accreditation at the United  
Nations comes up again this  
autumn.

Air Chief Marshal Siddhi  
revealed that 22 Thai soldiers  
had been killed and seven  
wounded during the Viet-  
namese attack on Thailand and  
there had been large numbers  
of civilian casualties. He added  
that 100,000 refugees had been  
forced into Thailand, many of

whom were now in no man's  
land between the opposing  
armies.

He confirmed that a Thai  
reconnaissance aircraft and a  
helicopter were shot down.

The ministers, in their final  
communique, reaffirmed their  
call for the withdrawal of  
foreign forces from Kampuchea  
and the exercise of self-deter-  
mination for the Kampuchean  
people free from outside interference.  
Likewise Asean condemned the  
Soviet occupation of Afghanis-  
tan.

The foreign ministers of the  
Asean countries, Thailand,  
Malaysia, Singapore, the Philip-  
pines and Indonesia, also called  
attention to the urgent need for  
more international help for Thai  
villagers who have been dis-  
placed by the influx of Kampu-  
cheans and recommended im-  
proved border encampments  
with better protection from  
hostilities for the refugees.

They also said that a senior  
representative of Sir Robert  
Jackson, the coordinator of the  
relief programme, should be  
provided with a permanent  
office in Bangkok to coordinate  
relief efforts; that a special  
force for Kampuchean refugees  
should be set up, and that more  
international officials with  
greater access and mobility  
were needed in Kampuchea.

Tonight the Asean ministers  
began the first of their meet-  
ings with other countries with  
discussions with Mr Andrew  
Peacock, the Australian Foreign  
Minister, Mr Edmund Muskie,  
the United States Secretary of  
State, arrives tomorrow



Mrs Indira Gandhi, India's Prime Minister, being comforted by her eldest son, Rajiv Gandhi, during the ritual of the collection of the ashes of Sanjay Gandhi.

## Opposition forces debate on Sanjay crash

Delhi, June 26.—Opposition  
members walked out of the  
Indian Parliament today after  
a minister tried to pre-  
empt their notice for a debate on  
the aircraft crash that killed Sanjay  
Gandhi, the son of Mrs Indira  
Gandhi, the Prime Minister.

Their protest forced the  
chairman of the Upper House  
to agree to a debate tomorrow

on the abrupt cancellation of a  
court of inquiry into Monday's  
crash.

The Prime Minister's son was  
cremated two days ago, and his  
ashes were collected in copper  
and brass urns from the funeral  
pyre today to be immersed in  
some of the country's holy  
rivers over the weekend.

Mr A. P. Sharma, the Civil  
Aviation Minister, earlier told  
the Lower House that the court  
of inquiry was dropped after  
the Government discovered that  
an inspector accidents had  
already been appointed, the  
minister added that the in-  
spector normally investigated  
all accidents involving small  
aircraft, including those of  
flying clubs.

## Soviet nerve gas 'sent to Eritrea war zones'

From Charles Harrison  
Nairobi, June 26

Eritrean nationalist groups  
say a quantity of lethal nerve  
gas, recently shipped from the  
Soviet Union to Asmara, has  
been moved to areas of north-  
ern Eritrea for use against the  
guerrillas who are entrenched  
there. So far there are no re-  
ports of the gas being used.

The Soviet Union has also  
supplied 24 helicopter gunships  
and 200 troop-carrying helicop-  
ters, plus about 200 Soviet ad-  
visers who are assumed to be  
preparing for an assault against  
the Eritrean guerrillas who  
have succeeded in resisting the  
Ethiopians for 18 years.

Eritrean sources say the  
Soviet advisers include a num-  
ber of experts in chemical war-  
fare.

An Ethiopian drive to crush  
the last pockets of resistance  
has been expected for some  
weeks, but it appears to have  
been delayed by guerrilla suc-  
cesses against some probing  
attacks by the Ethiopians.

A new turn has been given  
to the Eritrean situation by a  
recent agreement between the  
Ethiopian and Sudan Govern-  
ments to cooperate in restoring  
normal conditions along the  
border between Eritrea and  
Sudan. Sudan is no longer  
allowing supplies to reach the  
Eritreans who must now rely  
on limited shipments of arms by  
sea to isolated locations along  
the Red Sea coast.

But the Eritrean insurgent

groups are continuing to refuse  
to negotiate with Ethiopia, and  
are maintaining their long-  
standing demand for complete  
independence.

Most of the main towns in  
Eritrea are in government  
hands, but the insurgents retain  
control of Nakfa, in the north,  
and claim to be harassing move-  
ments between other centres.

Meanwhile, Ethiopian mili-  
tary activity is increasing along  
the Ethiopian-Somali border.  
For the third time within a  
week Ethiopian MiG fighter  
bombers attacked the Somali  
town of Dolo, killing one  
civilian and injuring another.

The four attacking aircraft  
destroyed a school building.  
Somali government sources  
sawed.

Around Dolo there are a num-  
ber of camps housing more than  
100,000 refugees from the  
adjoining Ogaden area of  
Ethiopia. Two Ethiopian air-  
craft were shot down in raids  
earlier this week, and one  
Ethiopian pilot was captured  
after parachuting to safety. An  
Ethiopian helicopter rescued  
another pilot, heightening specu-  
lation that Cubans or  
Russians are piloting some of  
the Ethiopian aircraft.

Somali sources say Ethiopian  
attacks have been increased in  
apparent response to increased  
attacks by the Western Somali  
Liberation Front guerrillas  
operating inside the Ogaden.

Foreign Report is  
on page 18

## ina ponders another asion of Vietnam

id Bonavia  
une 26  
n's attack on border  
Thailand has increased  
ibility of a second  
invasion of northern  
according to qualified  
here.

nsible Chinese official  
:"If Vietnam attacks  
China will stand on  
side." Although  
upport for Thailand is  
cally promised, China  
feel obliged to make  
romise of support for  
ial power attacked by  
Union or its allies.

redibility has already  
rom its failure to do  
than voice protests  
Soviet invasion of  
n, a bordering state.  
se of Vietnam, China  
better equipped to  
ie enemy both mili-  
onomically, and help  
ressure off Thailand  
emaining Khmer in-

Peking strategists see this as  
a determined move by Moscow  
to establish an effective naval  
presence around the Straits of  
Malacca to intimidate regional  
governments.

The infrastructure for a  
second Chinese attack on Viet-  
nam is mostly in place and  
would only need a week or two's  
reinforcement to be ready for  
combat.

With the recurrent border  
incidents and the continued  
expulsion of people of Chinese  
descent from Vietnam, many  
of them complaining of per-  
secution there, China has no  
need to search for an excuse  
to invade Vietnam.

The People's Daily, in a  
commentary, has warned Viet-  
nam against "miscalculating"  
in its attacks on Thailand.

China's main concern must  
be that in the event of further  
hostilities with Vietnam, the  
Soviet Union might use its  
growing air and naval presence  
in the area directly in Viet-  
nam's support.

Throughout Chinese state-  
ments and comments about the  
situation on the Kampuchean-  
Thai border, there is a tone of  
self-justification. The situation  
in Afghanistan, Peking be-  
lieves, has brought home to  
world opinion, and especially to  
the West, the dangers of  
Soviet expansionism.

The latest flare-up on the  
Thai border seems almost  
calculated to alarm the mem-  
ber states of the Association  
of South-East Asian Nations  
and will probably hasten the  
opening of Chinese embassies  
in Indonesia and Singapore.

The fighting also serves to  
emphasise the common in-  
terests of China and the  
United States in containing  
Vietnam and preventing the  
further growth of Soviet power  
and influence in the strategic-  
ally sensitive region of the  
South China Sea.

## da bishops or action ime wave

Correspondent  
une 26  
n bishops in Uganda  
ed on the Government  
one to overcome the  
ave and wide-spread  
rich, they said, were  
ndreds of people every  
shops, headed by the  
p of Uganda, the Most  
ing Wani, said cattle  
Karamoja was caus-  
numbers of deaths,  
tribal revolt in the  
area was causing un-  
and retarding develop-  
ey urged everyone to  
with the Government  
about peace and stabi-  
of prayer is to be held  
day. The bishops  
to all political parties,  
paring for Uganda's  
tions for 18 years, to  
at no one was intimi-  
dation prevented from exer-  
free choice.

## Lord Carrington condemns attack on Thais

Lord Carrington, the Foreign  
Secretary, yesterday deplored  
the "violation" by Vietnam  
of Thailand's territory and  
called for the withdrawal of all  
Vietnamese troops from Kam-  
puchea.

In a statement, issued by the  
Foreign Office, Lord Carrin-  
ton said: "The Vietnamese  
incursion into Thailand on  
June 23 and 24 marks a serious  
escalation in Vietnamese  
aggression against neighbour-  
ing countries."

"The British Government  
deplores this violation of  
Thailand's territory and the  
further suffering inflicted on  
the Thai and Cambodian  
(Kampuchean) civilian popula-  
tion."

The statement follows a  
strong condemnation of the  
Vietnamese military interven-  
tion by Mr Edmund Muskie,  
the American Secretary of  
State.

## npala bill for Tanzania ops climbs to £60m

la, June 26.—Uganda  
Tanzania more than  
the past year for the  
Tanzanian troops and  
to have been Uganda  
helped to overthrow  
Amin regime in April  
figures released here

um, mentioned in the  
budget estimates given  
ers of Uganda's inter-  
nt, the National Con-  
Council, is substantially  
than an estimate last  
£48m.

ther £30m is set aside  
which, out of a total sum  
which Uganda intends  
d on internal security  
financial year beginning

the Army, police and payments  
to Tanzania, and accounting for  
31 per cent of all government  
spending, is up this year by  
£26m compared with 1979-80.

Agriculture, Uganda's pri-  
mary source of export earnings,  
by comparison has been allo-  
cated only £25m in the budget,  
which was presented to the  
National Consultative Council  
on Monday by Mr Lawrence  
Sebalu, the Finance Minister.

The proportion spent on  
defence was loudly criticised by  
council members in the budget  
debate, which followed. One  
member, Mr Israel Mayengo,  
commented later: "Sometimes  
one is tempted to think we do  
not have a shortage of money,  
only a shortage of common  
sense."—Agence France-Presse.



# The new £4,100 Alfa Romeo.

## Alfa Romeo's new 4 door Alfasud 1.3 & 1.5

For an eminently sensible four door family car which gives  
42.2mpg at 56mph, our new £4,100 Alfasud 1.3 is something  
of a flier.

It'll do a genuine 100mph. Get to 60 in under 13 seconds.  
Hold the road better than virtually any other smaller car.

And its big brother, the new 1.5, is slightly quicker, almost  
as economical, and costs £4,300.

What else?

Five speeds. Front wheel drive. More head, leg and boot  
room than any other car in its class. Space for skis,  
fishing rods or other unlikely objects inside the car.

And an aftercare package which includes  
unlimited mileage guarantee, 2 years free routine

service parts, free recovery and car hire should you  
need it—a really thorough anti-corrosion programme which  
includes the plating of vital parts in pure zinc.

Go round to your local Alfa dealer and test drive the  
Alfasud for the eighties today.

You'll find him in Yellow Pages.

For more details, write to Alfa Romeo Customer  
Information, Freepost T6, Greenford, Middlesex UB6 9BR.

Alfa Romeo



Official Government fuel consumption figures, Alfasud 1.3 (Weber carb): Urban cycle 26.3mpg (10.6l/100km), Constant 56mph (90km/h) 42.2mpg (6.7l/100km), Constant 75mph (120km/h) 32.9mpg (8.8l/100km). Alfasud 1.5 (Weber carb): Urban cycle 25.1mpg (11.5l/100km), Constant 56mph (90km/h) 41.9mpg (6.7l/100km), Constant 75mph (120km/h) 31.2mpg (9.0l/100km). To be confirmed by DOE.

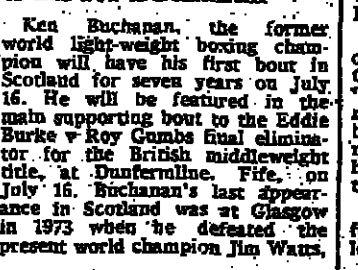






1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26











PARLIAMENT, June 26, 1980

# Plans of new chairman will seal fate of BSC: £400m more required now

## House of Commons

The Government has been told by Sir Keith Joseph, chairman of the British Steel Corporation, that he would have to recommend the liquidation of the business if the Government agreed to factoring of home debtors and sale and leaseback of major assets outside the external financing limit to provide for an additional cash requirement of about £400m in the financial year 1980-81, Sir Keith Joseph, Secretary of State for Industry, said in a statement.

He added that the Government would not reconsider the level of the external financing limit until Mr Ian MacGregor, the new chairman, makes his proposals and the corporation was taking the necessary measures.

Sir Keith Joseph (Leeds, North-East, C) said: "For the last financial year, as the House was told on June 10, BSC estimate a loss before adjustment of £450m from ordinary activities. There are also extraordinary items, consisting of redundancy and other closure costs and a write-down of stock, which will be over £1,000m. Final figures will be available in a few weeks' time.

For this financial year, the Government has made £400m of taxpayers' money available as the external financing limit. The chairman has warned me for months that, without corrective action, BSC needs to greatly exceed the external financing limit. He also told me that he was seeking remedies and was not asking for more cash.

On June 6, however, he wrote to me that, even after allowing for the remedies being pursued, his Board forecast a cash requirement of around £400m in the financial year 1980-81 over and above the external financing limit.

He wrote that, unless the Government agreed to the factoring of home debtors and the sale and leaseback of major assets outside the external financing limit to provide for an additional cash requirement of about £400m, BSC could not carry on trading and the liquidation of the business would be inevitable.

Measures such as BSC have proposed would, of course, only postpone the day of reckoning. As for liquidation, the Iron and Steel Act 1975 makes no provision for the £400m figure is based on a firm figure, which may well be larger, will have to await an up-to-date assessment of BSC's trading position.

Over the past year, the market has fallen away both at home and abroad with a depressive effect on prices. Meanwhile, BSC's costs have been rising sharply. The long strike has, as I warned the House, made sales and job prospects bleak and the cash problems worse. We are not satisfied that the corporation have yet taken with them the action open to them to reduce their cash requirement. In 1980-81, Mr MacGregor, who takes office as chairman next week, will need time to produce new proposals.

Until Mr MacGregor has made his proposals and the Government has decided whether the corporation is taking the necessary measures, we are not prepared to recommend a level of the external financing limit.

Should the Government decide to advance additional funds, money required would involve a winter supplementary estimate and a further £400m would be provided by a repayable advance from the contingencies fund. I shall report to the House again later in the year.

Meanwhile, having considered the corporation's concern about taking on fresh financial commitments, I have asked BSC to continue trading as an on-going business.

I have told them that in the last report the Government would have to ensure that creditors of the corporation had their claims met in full.

BSC have for years suffered from political interference and liquidation from market realities. The taxpayer has already contributed over £4,000m to BSC over the past five years; a further £400m is being made available in the current year and now we are being asked to consider yet further calls on the taxpayer.

BSC are still faced by excess capacity, greater competition, and an intensely competitive market. It is for the new chairman to use his own practical common sense, including a further review of capacity and disposal, to bring the corporation's cash requirements to a level which is compatible with the external financing limit, and to see if it is possible to restore the corporation's financial and trading position.

Mr John Silkin, Opposition spokesman on industry (Lewisham, Deptford, Lab) - We have been warning the Government for more than a year that the cash limits were unrealistic and impossible. Now he is coming to us and telling us that exactly the same is true, and that he was only aware of it last June.

If he had taken our advice and had taken the necessary steps before last September, there would not have been a steel strike and this situation would not have arisen.

After months of indecision and a year of distress, can he tell us

clearly and unequivocally whether he is in favour of a British steel industry or not?

Sir Keith Joseph - I am asked to accept that if I have only followed the advice of the Opposition and bought off the strike when it occurred or avoided it by raising the cash limit, all would have been well, but I remind them that when they formed the Government, they deferred closure obviously needed at the time and thus delayed until a time of relatively high unemployment when jobs which could have been more easily absorbed, with less unemployment than has now occurred.

Can I support a bulk steel industry if it can be profitable. Mr Patrick McNair-Wilson (New Forest, C) - The corporation's target of 100,000 jobs is a very large number. The strike would have no bearing on the number of jobs which could have been absorbed. Substantial losses would have been incurred because of the world recession.

Will he consider a far-reaching financial reconstruction of the corporation to include introduction of private capital?

Sir Keith Joseph - I am not sure that I accept that the target of 100,000 jobs is a realistic one. The strike began, because I believe that the purpose of the BSC to achieve greater competition and prevent losses from mounting was an important component of any attempt to close to be a burden on the taxpayer.

But I certainly accept that steel companies all over the world are facing a very difficult time. There may be a place for private capital in all parts of the steel industry.

Mr Robert MacGregor (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint, C) - For those of us who are more concerned by unemployment

than by inflation, this grave situation must serve further to increase our fears that by putting more and more money into propping up what remains of the steel industry we may be endangering more jobs than we are saving.

Sir Keith Joseph - It is right to refer to the steel industry as a case of the social cost which has been invested in British steel in the hope of making it profitable.

Mr Michael Gwynn (North-West Surrey, C) - The devastating position of British steel indicates a direct and tragic consequence of the strike earlier in the year.

The unions in British steel have to bear a large degree of responsibility for imposing upon their industry a grievous and self-inflicted wound.

Is it envisaged, in the additional support which the Government envisages for British steel that we come out of the recession in two or three years, there will be a shrunken and viable British steel industry?

Sir Keith Joseph - I agree that the strike and its consequences have been a very large responsibility for the problems facing British steel. It is possible under the terms of the agreement with the cooperation of all concerned that we shall have a satisfactory steel industry in the future.

Mr Gregor MacKenzie (Rutherford, Lab) - Are the measures taken by BSC and those he is asking them to take in line with the common sense which has led Wales to believe that this Government has taken leave of its senses?

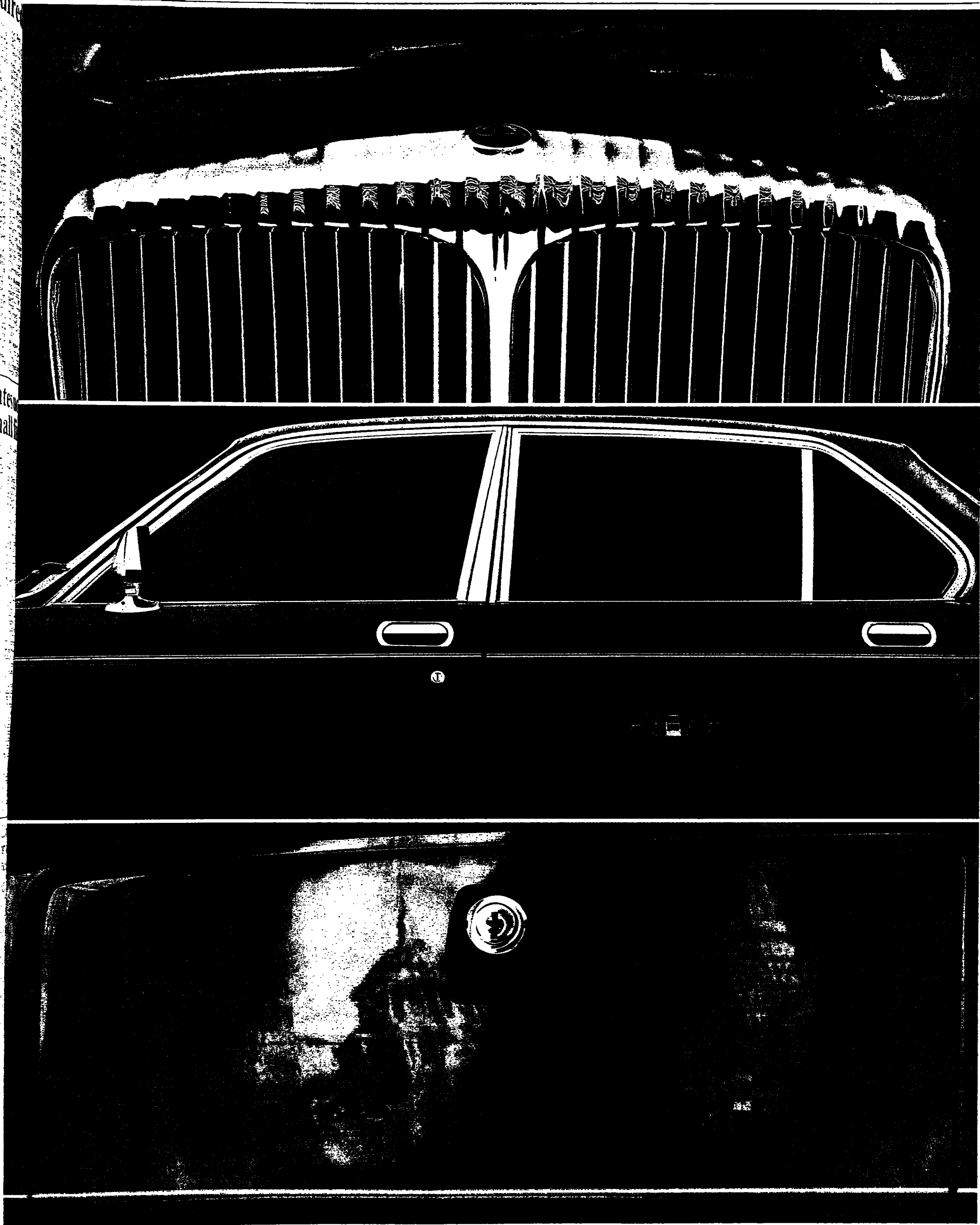
Sir Keith Joseph - He does not serve to his constituents to devote his eloquence to the concept that the Government is taking leave of its senses. He is making goods that nobody wants to buy.

Sir Anthony Meyer (West Flint,



ore require

nterest rates  
helping small



Daimler. Nothing else quite so perfectly reflects one's achievements in life.



BY APPOINTMENT  
TO H M QUEEN ELIZABETH  
THE QUEEN MOTHER  
BLCAHS LTD - COVENTRY  
AND BIRMINGHAM  
MANUFACTURERS OF  
DAIMLER JAGUAR AND  
ROVER CARS AND  
LAND ROVERS









New Printing House Square, London, WC1X 8EZ. Telephone: 01-837 1234

## INSOLVENCY OF STEEL

Yesterday in the House of Commons, Sir Keith Joseph actively stated that the British Steel Corporation was insolvent. It will now continue to do business on the explicit understanding that the Government itself assumes responsibility for ensuring that the Corporation's creditors will be met in full. The Secretary of State's statement was firm and uncompromising. The BSC was insolvent for not acting with sufficient speed and determination. The present chairman's proposals for raising extra funds, the regime of cash payments were turned down firmly on the grounds that they would postpone the day of reckoning.

The reality of the situation, however, is that Sir Keith's statement was merely an attempted operation in the face of a catastrophe for steel. The hope that discipline of a cash limit of £m for the current financial year would exert a rigid discipline on the BSC proved quite illusory. That was the limit on the amount of money that the Government prepared to provide from real sources for the BSC has

simply been overwhelmed by even the huge financial consequences of the steel strike at the beginning of the year, the continuing slump in domestic and world demand for steel and the recessionary pressures on rising production costs.

As to substance all that the minister was able to say was that a winter supplementary estimate would be needed in order to advance more money to the BSC in the course of the year and that, if this need was very urgent, it could be done on a temporary basis without such an order by raising the public spending contingencies fund. Meanwhile his only option was to wait the arrival in office of the new chairman next month and the presentation of his emergency plans to the Government. In short the buck is firmly being passed back to the BSC.

To give the departing BSC chairman his due at the end of a bitter term of office, all the evidence is that he saw the nature and the scale of the run-down that was needed in British Steel at the market just fell away during 1979 much more clearly than most members of the Government. His manner

and presentation may have counted against him, but his analysis was realistic. His successor will, broadly speaking, have to continue down the same road.

The two elements of that strategy must be these. First, the steel making capacity of the BSC must be reduced until it is brought much more nearly into balance with the demand in the market. Steel is not a service. It is a product that has to be sold. The rate of contraction required in some areas is still not widely appreciated, even within the Government itself. The second element is that the monolith that is the BSC must be broken down into units that can be managed and with which the high proportion of the problem that the BSC has faced in recent years stem directly from the fact that the Corporation is one gigantic legal entity with the resulting over-centralization. In combination these elements suggest for the new BSC chairman a programme of breaking up the BSC's activities by keeping those facilities which show some chance of operating on a commercially viable basis and closing down or selling off the rest.

## PAIN MOVES TOWARDS NATO

The issue of Spanish membership of Nato has now been brought into the open and earlier than had been expected. It had been thought because of the sensitivity of the issue in Spain, where the leftists and the Communists opposed to Spanish entry, that Suarez's government would not raise it before next year's European security conference in Madrid. But earlier this month, the Foreign Secretary, announced that Spain would be applying for membership of Nato and that he hoped to complete the process by 1983. In his speech in Madrid on Tuesday President Carter said that the United States has done before in urging Spanish membership. The American recognized, he said, that it was a decision to be taken by and exclusively by Spain; he hoped that Spain would be interested served by participation in the collective defence of the West.

The Spanish government's decision to press the issue now is partly the result of a vote in Parliament earlier this month, when it had little difficulty in defeating a censure motion put forward by the Socialist Party. It hopes to get a similar

majority for entry to Nato, especially as there are signs that the Socialists, who are demanding a referendum on the issue, may be weakening in their opposition. But there is also a broader consideration, which is the difficulties now being raised by France and, to a lesser extent, West Germany, over Spanish entry to the European Community. The intention had always been to make the question of Community entry first, because it is less controversial in Spain, before turning to Nato. But it is apparently thought that the difficulties with the Community can be eased by applying to join Nato now and emphasizing the broader issue involved, which is the reintegration of Spain into the mainstream of Western affairs. As Señor Oreja put it, it would be absurd for Spain to join Nato if it was kept out of the European Community.

The issue of Spanish entry to Nato is also being linked with Gibraltar. There are members of the Spanish armed forces who regard any Nato presence at Gibraltar as an insult to Spain, and Señor Oreja has said that Spanish entry to Nato could be delayed if there was no satisfactory solution there. It is to be hoped that in spite of delays in

carrying it out, the recent Lisbon agreement can meet that demand.

Spain has had a defence agreement with the United States for many years, one that expires next year and which the Americans are anxious to renew. In spite of that, a decision to join Nato by a country of Spain's size and strategic position would be an event of considerable significance; and the Soviet Union has made it clear for some time that it is opposed. So the question of Spain's association with the West, and whether it should not follow a policy of non-alignment, is likely to be thoroughly debated in Spain; and it is still not clear whether the Spanish will want to be full members of Nato's military structures or have a position more like France's. There would be obvious advantages to the Nato command from Spanish membership—the presence of its Navy in the western Mediterranean, for instance, and the facilities it could provide for air and sea links across the Atlantic. But the West's primary need is a political one—to consolidate Spanish democracy and to reinforce Spain, after its long absence, as a full participant in its affairs.

## Britain, the PLO and the Zionists

From the President of the Zionist Federation and others

Sir, It now appears that the policy of the British Government is to secure the establishment of a Palestinian state under the control of the Palestine Liberation Organization.

This is clear from the EEC declaration of intent and from the gloss that Mrs Thatcher put on it in the House of Commons (June 16). It is a policy to which the Jewish people throughout the world are implicitly opposed. The British Government and the other EEC governments should realize the depth of Jewish feeling and our determination to fight the policy in every possible way.

Mrs Thatcher justifies Palestinian self-determination by saying that what one people has cannot be denied to another. Our opposition to the PLO and its creed springs from its denial of self-determination to the Jewish people of Israel while claiming it for themselves in the whole of Palestine. As Mrs Thatcher must have known, Al Fatah, the so-called moderate group in the PLO, only a week before the Venice meeting, had repeated the intention to eliminate Israel in the most explicit terms.

It is a grim irony that West Bank settlements are characterized as "a serious obstacle to the peace process", while the frequently avowed PLO policy to destroy Israel is ignored by the peacemakers of Venice, an evenhandedness in which the arm that should acknowledge Israel's view of reality is apparently paralysed.

The EEC declaration contains all the implications that Mrs Thatcher and her colleagues claim to have excluded. It does undermine Camp David. It does inaugurate the drive to replace UN resolutions 242 and 338. And in according the PLO a status despite its terrorism and its declared policy to destroy Israel, it promises the unconditional recognition that the PLO and its supporters have long sought.

We know how the people of Israel have tried to live in peace and to force on them a Palestinian state in the circumstances foreshadowed at Venice with the PLO confirmed in their designs and with anti-Zionist majority of the United Nations—a piece of macabre humour—this "guarantee".

The experience of our people forbids us to accept meekly so dangerous a threat to the existence of Israel.

Not is it in British or European interests to seek stability in the Middle East by appeasing the Arabs and signing away clearly to the Jewish people the survival of the State of Israel is not a matter of great concern.

For too long the Arabs have tried to obtain their kind of peace by proxy. Arab oil and trade are important to the Middle East. Her friends imagine they can impose the Arab diktat on Israel in order to obtain favour they are making a disastrous error.

The EEC document issued at Venice does not contribute to increased stability in the Middle East. It would make the whole area even more unstable—another powder keg, in Mr Callaghan's words—and risk the safety of a large part of the Jewish people only a generation after the Holocaust. Sadly, a British Prime Minister and a West German Chancellor have put their names to it.

Yours truly,  
JANNEE,  
President,  
GEOFFREY H. GELBERG,  
Chairman,  
SIDNEY L. SHIPTON,  
General Secretary,  
BEATRICE BARWELL,  
MALVYN BENJAMIN,  
HARRY DAVIES,  
CLIVE FRIEDENBAUM,  
JOE GELLERT,  
ERIC GRAUS,  
BRENDA KATTEN,  
AB KRAMER,  
IVOR LEVENE,  
ABRAHAM MARCUS,  
GEORGE H. TRENTNER,  
NATHAN VENGROFF,  
Honorary Officers and Chairmen of Committees,  
Zionist Federation of Great Britain  
Rex House,  
4/12 Regent Street, SW1,  
June 23.

From Sir Anthony Giddings

Sir, When Mr Eban (June 13) asks why Europe's diplomats have played such an unimpressive role over the West Bank, he is posing a pertinent question—one that should often be raised from the Arab side as well. But "the reason for this detachment" are not those which he supplies. They are first, that it is America, not Europe, that holds the key to peace; second, that America remains committed (for reasons of domestic party politics) to a policy of gross partisanship for Israel; third, that the Europeans do not wish to be saddled with this policy for reasons not only of self-interest but also of morality; fourth, that America, at the bidding of Israel and its impetuous, has deliberately sought to keep a monopoly of peace-making within its own hands, excluding from the peace process not only Europe but also the other super power; and fifth, that if Europe had tried to play a more active role, it was bound to have been a more evenhanded line than America has done and hence was bound to be black-guarded by Israel and its Zionist supporters.

Given Washington's irresponsible commitment to Israel, any independent European initiative was certain to result in estrangement between Europe and America, as has now happened. It is a fairly arguable that Europe should long since have broken the coupled wheels of Washington and Israel. But its reluctance to do so is understandable and certainly is dishonourable than Mr Eban makes out.

He repeatedly asserts that the present attitude of Europe is dictated by "parochial and mercantile considerations". He implies an interest in oil supplies and in markets for European arms. Of course arguments of self-interest do weigh with Europeans, as with other governments. But Mr Eban is less than just if he does not concede that a belated understanding of the suffering and injustice inflicted on the Palestinians by a policy that Israel has pursued since it was created are also a significant factor in Europe's change of attitude. There is now a genuine feeling abroad in Europe that the suffering must be done to redress the suffering and injustice, as far as may now be possible. That feeling has been intensified in recent years by the more fully and vividly of Mr Eban's government in the West Bank and Gaza. The feeling had taken root in Europe before he came to power.

Yours faithfully,  
ANTHONY GIDDINGS,  
21 Colindale Avenue, NW9,  
June 24.

## Spouse's property interest

From Mr David Glen

Sir, The effect of the House of Lords decision in *Williams & Glyn's Bank Ltd v Boland* that no one can now safely buy property until they have discovered exactly who is cohabiting with whom in the house, and have obtained a receipt for the money, is a salutary reminder that the courts are not to be trifled with in family property law. It is an inevitable consequence of the fact that the task of the courts is to enforce the code: unlike those rules which fall on strictly party lines, where the intervention of the courts is regarded as impermissible, Parliament has been all too willing to let the courts legislate for vast numbers of people affected by family property disputes, knowing that no rule there can be universally popular or acceptable within amity.

This chaotic by-product of an honourable attempt by the courts to plug yet another gap in family property law is an inevitable consequence of the fact that the task of the courts is to enforce the code: unlike those rules which fall on strictly party lines, where the intervention of the courts is regarded as impermissible, Parliament has been all too willing to let the courts legislate for vast numbers of people affected by family property disputes, knowing that no rule there can be universally popular or acceptable within amity.

This cannot go on. The machinery available to the courts is woefully inadequate to the task. The issues have been referred to the Law Commission; and the Government should make sure that the preparation of detailed recommendations has urgent priority, so that legislative action can be taken as soon as they are forthcoming.

Yours faithfully,  
DAVID GREEN,  
Rhyd-y-Harding,  
Caele Morris,  
Barnard West,  
Dyfed,  
June 21.

## Play publicity

From Sir Roy Shaw

Sir, Your presentation of the latest stage of the fracas about *A Short Sharp Shock* is, I'm afraid, highly misleading. It makes it appear that the Arts Council is at odds with Mr Norman St John-Stevens, by saying that we think the piece passable satire, whereas he considers it "deplorable".

It was the publicity which the Council (in a personal view, rightly) found "deplorable". He had not seen the play itself, but our officers and advisers have seen it, and hence they have an advantage over Mr St John-Stevens, MP, who says we may or may not take up, of £200,000. It is not a loan as you report.

Your report (June 24) also gives the impression that the Arts Council is not concerned about the need for plays to conform to the law and the normal constraints of propriety. In the statement you were reporting we made it clear that this responsibility rests with the boards and direction of the companies concerned.

Yours faithfully,  
ROY SHAW,  
Secretary-General,  
Arts Council of Great Britain,  
105 Piccadilly, W1.

## Picasso and Dali

From Dr D. W. Phillips

Sir, Perhaps Mr Brian Crozier's letter (June 24) was written tongue in cheek, but, to paraphrase Henry Fielding, I imagine that the undisciplined authority by which he is constituted judge of Picasso and Dali, neither of them will be vastly concerned to plead to his jurisdiction.

Yours truly,  
DAVID PHILLIPS,  
1 Post Office Cottages,  
Sharncliffe,  
Canterbury, Kent.

## Zimbabwe's need of generous aid

From the Reverend K. G. Spence, SJ

Sir, The Times reported (June 11) that a Zimbabwean delegation led by the Finance Minister, Mr Enos Nkala, had recently visited London. It sought a substantial increase in financial assistance, over and above the £75m to which the British Government is committed in aid to Zimbabwe over the next three years. The increased sum would be a contribution towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to contribute towards the cost, not only of buying land in Zimbabwe on which to settle refugees, displaced persons and people living in overcrowded rural areas, but also of developing the resettled land. Your correspondent reports Mr Nkala as speaking of a total programme extending over some 18 years and costing about £670m. If the British Government were to



## FOREIGN REPORT

## Elephant and rhino endangered by well-armed poachers

The habit of killing, once acquired, is not easily broken. For the game poachers of East and southern Africa slaughter continues to be a way of life—though now made more efficient by the use of modern weapons, the small change of guerrilla warfare.

The African elephant and black rhino are facing extinction, despite a proliferation of campaigns to save them. However, energetically and efficiently the international conservation establishment may mount its appeals, they are no match for rockets and automatic rifles; and the guerrilla tactics that proved so successful against regular armies have served the poachers well.

Five years ago the population of the African elephant, over a range of about 3,000,000 square miles and 34 countries, was estimated at 5,000,000. A recent report to the New York Zoological Society put the numbers at about 1,300,000, a decline of about 75 per cent. Poaching is almost entirely to blame.

According to the World Wildlife Fund (WWF), aerial surveys show that the numbers of elephants in Uganda's Kibale National Park, once one of the most densely populated in Africa, have dwindled from 9,000, 10 years ago, to 160.

Dr Iain Douglas-Hamilton, the leader of the survey, wrote: "The surviving group was found clustered in one big

terrified herd that kept moving day and night, unable to find refuge and shedding corpses like leaves along the trail".

A similar survey in Rwenzori National Park, on the Ugandan border with Zaire, showed 150 animals, compared with 3,000 in 1972, with two corpses for every live elephant. They appeared to have been shot with automatic weapons and in many cases only the ivory was taken; the meat was left to rot.

In Zambia, Mr Peter Murphy of WWF says, poaching has reached "an unprecedented level both in scale and in sophistication of operations". Early this month, after a trip to the Luangwa Valley, Mr Murphy described "at least 10 armed with AK-47 automatic rifles and other sophisticated weapons".

"The poachers had sufficient firepower to kill 600 elephants and 240 black rhinos a month. Despite tough government measures and some degree of international control over trafficking in such animal products, prices of £300 an ounce for rhino horn and the increasing scarcity of ivory make legal work worth taking.

"Rhinos have been ruthlessly hunted because of the misguided belief that the horn contains aphrodisiac qualities", WWF says.



An elephant with a severed trunk, victim of the game poachers of East Africa.

"In the Far East it fishes high prices as traditional medicine supposed to cure a multitude of evils from malaria to insanity." Rhino horns are also used as dagger handles elaborately carved, in the Middle East.

In northern Zimbabwe travellers in the Manapools area have reported about 7,000 Zippa guerrillas slaughtering game with RPG-7 rockets in addition to the ubiquitous

automatic rifles. Here, too, elephants are the most popular quarry because the soldiers can use them to supplement their food rations and to sell as trophies, often across the border in Zambia.

The attrition in Uganda's game reserves has been known for some time. Idi Amin's un-disciplined troops accounted for thousands of elephants, hippos, antelopes and buffalo; later, Tanzanian soldiers continued the killing. Earlier

this year, President Godfrey Binsira announced a number of remedial programmes for Ugandan national parks, few of which, the light of subsequent political developments, are likely to be put into effect.

Details of the various campaigns in aid of Africa's wildlife are available from the World Wildlife Fund, 1196 Gland, Switzerland.

Tony Sanstang

## Hunger for energy

## Nuclear power at centre of Soviet block's strategy

Europe is going nuclear at breakneck speed. Undeterred by a number of nuclear accidents and unchecked by public opposition, the Soviet bloc increased its nuclear generating capacity sevenfold between 1971 and 1977 and then embarked on an even more ambitious nuclear building programme.

At its Bucharest session in 1978, the Comecon Council—the Soviet bloc's economic organisation—decided to put all its eggs in the nuclear basket and approved a long-term development plan that placed nuclear power at the centre of the bloc's energy strategy.

The scope and speed of the nuclear programme can be gauged from an internal Comecon report asserting that at present nuclear power stations with a total of 57,000 megawatts generating capacity are under construction in the East European Comecon states and Cuba.

(The richer and highly industrialised states of Western Europe, which had begun their nuclear programme much earlier, had, by comparison, a nuclear capacity of 80,000 megawatts in 1977. According to a study drawn from official projections by Professor Carroll L. Wilson of the Massachusetts Institute of Technology, the OECD countries plan a sevenfold increase of their nuclear generating capacity in the next 20 years. This is a much less dramatic and dynamic expansion of nuclear power than in Eastern Europe.

Furthermore, owing to popular opposition and other political factors, the Soviet bloc's nuclear power capacity in 2000 might be about 30 per cent lower than the MIT estimate.) The vast Eastern building programme is carried out with Soviet technical assistance. From the Soviet point of view, East Europe's nuclear choice has several advantages: it further integrates the economies of these states, lessens their total dependence on fossil-based Russian energy resources and strengthens Comecon's control over their energy life-line.

Besides, nuclear power is good business. Russia, which is reliably estimated to have 27 operational nuclear power stations and another 13 under construction, is supplying Eastern Europe with VVER-440 and VVER-1000 type reactors and the rest of the nuclear technology. There is no competition.

While the West agonised over the Harrisburg nuclear accident and its implications, Eastern Europe took additional steps to speed up its nuclear fuel production. At the Comecon Executive Committee session in Moscow last spring, Poland, Hungary and Czechoslovakia agreed to finance jointly with the Soviet Union the construction of a nuclear power plant at Khmelnytsky in the Ukraine, which, when fully operational, is to provide the four countries with 4,000 megawatts of nuclear-produced electricity.

A parallel agreement was signed on the construction of a 750 kilovolt power line from Khmelnytsky to Rzeszow in south Poland to link up with an already existing power transmission line between the Ukraine, Hungary, Czechoslovakia and Germany. The Polish and the Hungarian sections of the grid are to become part of a big high-tension electric power network intended to cover the whole of Central and Eastern Europe.

The project is not cheap, but the benefits are to be proportional to the investment. The Soviet Union is paying half of the estimated 1,500m roubles (£1 equals 1.52 roubles) of the Khmelnytsky nuclear plant. Czechoslovakia is to contribute 235m and Poland 400m roubles. The Soviet Union is to receive half of the generated power, Poland 1,000 megawatts and the remaining 1,000 megawatts are to be shared out among the rest of Comecon investors.

The law became necessary because the first VVER-440 megawatt unit of the Paks nuclear station is to go into service this year. Three further units will bring the station's generating capacity to 1,760 megawatts by 1985, capable of supplying a fifth of the country's electricity needs.

This massive introduction of potentially lethal nuclear hardware into Central and Eastern Europe has been carried out—as in the Soviet Union—without any public debate or consultation. The planners and technologists have proceeded from the very beginning on the assumption that there could be no popular opposition to the nuclear option.

The underlying dogma behind this "Big Brother knows best" attitude is that the ruling communist parties alone can interpret, thanks to Marxism-Leninism, the laws

Repayment of the joint investment in electric power is to be completed by 2003, after which the East European shareholder states will be able to purchase power at a commercial basis.

In the race to go nuclear, Czechoslovakia is in the lead in Eastern Europe. In addition to its two existing nuclear power stations—the first at Jaslovské Bohunice, the second at Dukovany—a further 10 reactors are to be built. Under the Comecon energy programme, the country's nuclear power engineering base has been greatly expanded: the Skoda Works at Pilsen and the Brno Engineering Works are to produce a total of 19 fast-breeder Soviet reactors by 1985.

The first two are earmarked for Hungary's Paks nuclear plant on the Danube, the next three are to be applied to East Germany "and it will not take long before we start exporting these reactors even to Cuba", Prague radio reported.

Poland's approach to nuclear energy has been marked by doubts and equivocation. Although these doubts have not been aired in a public debate they are reflected in the chequered history of the country's first nuclear plant at Zarnowice. The party leadership gave the go-ahead in August, 1971, but the construction was delayed by confusion and perhaps deliberate procrastination have resulted in successive postponements and a reassessment of the building programme. The latest decision, dated 1986, with an expected production capacity of 1,880 megawatts, is to be increased to 4,380 megawatts by 1990 and 23,000 by 2000.

East Germany has shrouded its nuclear building programme in even greater secrecy than its Comecon partners. There has been no public information about future construction plans or the siting of the power stations. Two pressurized water reactors—built at the same time as the other at Greifswald—have been operating since 1966 and 1975 respectively, and to date 10 per cent of the country's electricity is nuclear-fuelled. Under the new Comecon nuclear development plan, East Germany is to get 40 per cent of its electricity from nuclear energy by 2000.

Romania alone among the Comecon states has shied away from total reliance on Soviet nuclear hardware and fuel and, in true Ceausescu fashion, has bought a Canadian-designed Candu reactor, with an option for a second one. At the same time, it is now also building a VVER-440 Soviet reactor which, together with several others built in Czechoslovakia, is to supply 27 per cent of the country's energy needs by the mid-1990s.

Hungary is a late-comer to the nuclear club. To dispel mounting public concern over nuclear safety, the Hungarian National Assembly passed a law at its spring session this year on the peaceful use of nuclear energy.

The law became necessary because the first VVER-440 megawatt unit of the Paks nuclear station is to go into service this year. Three further units will bring the station's generating capacity to 1,760 megawatts by 1985, capable of supplying a fifth of the country's electricity needs.

This massive introduction of potentially lethal nuclear hardware into Central and Eastern Europe has been carried out—as in the Soviet Union—without any public debate or consultation. The planners and technologists have proceeded from the very beginning on the assumption that there could be no popular opposition to the nuclear option.

The underlying dogma behind this "Big Brother knows best" attitude is that the ruling communist parties alone can interpret, thanks to Marxism-Leninism, the laws

governing social and economic activities. The mass protests against nuclear power in Western Europe were explained, as being made for instance, as growing contradictions between the possibilities which scientific progress could secure to working people and its use under monopoly-capitalist rule and property relations directed against the interests of working men.

However, under the impact of the Harrisburg accident the more worrying aspects of nuclear power began to be aired, especially in the Polish and Hungarian mass media. But this is always balanced by cogently reasoned accounts of the economic and ecological advantages of going nuclear and seasoned with sly hints at the predicament of those nations which, governed by foolish moral scruples, had put the brakes on nuclear power. Nevertheless public concern has been mounting and, because of a lack of frank and full information some people in Hungary are worrying that the Paks nuclear plant might destroy the ecology of the Danube.

Others have greater anxieties. To dispel fears of a nuclear accident, the East European press has been publishing assurances of the "absolute safety" of Soviet reactors used in their nuclear programme. The VVER-440 and VVER-1000 type reactors, the Moscow-based press widely quoted in the Soviet bloc as stating, have "three-fold safety margins as opposed to America's two-fold, thus similar (Harrisburg) accidents could never occur".

There is, however, irrefutable evidence that even greater nuclear accidents have occurred in the Soviet Union and Eastern Europe. The first accident of catastrophic proportions took place in the Urals in 1958, resulting in large-scale contamination of vast areas between Chelyabinsk and Sverdlovsk. Dr Zhores Medvedev, the exiled Russian biochemist, claims that the explosion was caused not by nuclear reactors but by nuclear wastes buried at a shallow depth near the town of Biagovsk. It claimed hundreds of deaths.

A second nuclear accident was reported to have taken place at the Kysht nuclear plant; a third in the early 1970s at the Shevchenko fast-breeder reactor on the Mangyshlak peninsula in the Caspian Sea, the fourth at a naval yard in Estonia on the Baltic, some time in the mid-1970s.

In East Germany the malfunctioning of a Soviet reactor caused thermal pollution not long ago. In Czechoslovakia, there have been two serious nuclear accidents at Bohunice, according to a detailed account provided by the Charter-77 human rights group. On January 5, 1976, two technicians were asphyxiated when carbon dioxide escaped from a reactor. They were unable to escape because the emergency exit was locked to prevent thefts.

On February 24, 1977, there was a further accident resulting in the release of radioactive gases into the atmosphere. It was caused by "negligent" installation of a fuel rod. As a result, radioactive fluid was flushed through the plant's drainage system, contaminating a stream and exposing the nearby villages to radioactive fallout.

If these examples are anything to go by, East Europe is plunging into the nuclear age with more danger than the Comecon energy chiefs have bargained for. A nuclear accident in a densely populated Eastern Europe could turn ecology—at present a totally apolitical concern—into a burning political issue with unfathomable political consequences.

Gabriel Ronay



This is where the world's finest single malt comes from.

No single malt whisky is more respected than Glenmorangie. Produced since 1738 in a distillery

overlooking the Dornoch Firth, it remains today what it has always been.

Virtually unrivalled for taste. And, hardly suprisingly, in somewhat limited supply.

Since 1894, however, the subtle pleasures of Glenmorangie have been available on a more generous scale.

It is to be found in a blended whisky called Highland Queen.

Produced very slowly, using time-honoured, not to say old-fashioned methods, Highland Queen contains a very high proportion of malt whisky.

It is, in short, to ordinary blends what Glenmorangie is to ordinary single malts.



## Food Report

## Grocers lose interest in the sale of food

The number of grocers' shops in Britain has halved in the past 20 years, and those which remain are quickly losing interest in selling food. That will not surprise anyone who has entered a large supermarket in search of some trifling item for the larder, like a pot of jam or a packet of butter.

Increasingly these days the prospective buyer must run a gauntlet of plastic gnomes, dressing gowns, saucepans and slippers before arriving at the remote region devoted to food.

On the way out, of course, he or she finds that only two of the 15 check-outs are operating, and that each is obscured by a queue of shoppers waiting to pay for £20-worth of spammers, pot plants and toy machine-guns.

The tendency for supermarkets to try to turn themselves into garages and garden centres as well as food shops has been indicated remorselessly on customers as the price war has cut profits on basic foods.

All the supermarket chains are trying to break out of the circle of limited sales and low profits. That is why many have transformed their displays of fresh produce from dingy collections of wilting greens and

attractive selections that can include unusual and exotic items. They have discovered that there is more profit to be made out of a fresh tomato than a tin of soup.

The trend away from food in the grocery trade can be felt much more easily than it can be measured. The most authoritative survey of it is published by the Institute of Grocery Distribution. The latest edition has received little attention, probably because the Institute charges £50 a copy for it to non-members.

It illustrates more clearly than any other document the way in which the grocery trade is being concentrated into fewer and larger supermarkets. The Macfischeries chain of shops, which gave the country a household name for more than 50 years, has just been closed.

Its companion MacMarkets' chain of supermarkets has been absorbed by International Stores, which swallowed up the Pricerite and F. J. Wallis chains some years ago, and is itself part of a multinational tobacco group.

The two largest chains, Tesco and Sainsbury, supply about a quarter of the grocery market in Britain. Ironically, strivelling roots to large and

are not part of larger groups with other interests.

The survey by the Institute shows that in the largest supermarkets, the selling space was devoted to what the trade calls "non-foods" as to food. Almost all supermarkets opened last year had their own car parks, while most of them sold clothes, toys, gardening equipment and electrical goods.

The declining importance of food in supermarkets is not leading to a resurgence of the independent grocery trade. The survey by the Institute shows that the number of independent grocery shops in Britain has fallen steadily from a total of 116,000 in 1961 to 57,000 last year.

Food shops are giving way in the shopping precincts to branches of banks, building societies, estate agents and firms of accountants, especially if accountants. Shopping for food is being pushed into the outer suburbs where car-borne families assemble in concrete wastelands dotted with rusting wire railings.

The Retail Grocery Business 1980, Institute of Grocery Distribution, Luton, Bedfordshire, Herts. 1980.

Hugh Clayton







# Stock Exchange Prices

## Electricals lend firm tone

ACCOUNT DAYS—Dealings Began, June 16. Dealings End, Today. \$ Contango Day, June 30: Settlement Day, July 7  
\$ Forward bargains are permitted on two previous days

1979-80 High Low Company Price Ch's Pence % P/E				1979-80 High Low Company Price Ch's Pence % P/E				1979-80 High Low Company Price Ch's Pence % P/E				1979-80 High Low Company Price Ch's Pence % P/E				1979-80 High Low Company Price Ch's Pence % P/E			
<b>BRITISH FUNDS</b>				<b>COMMERCIAL AND INDUSTRIAL</b>				<b>M - N</b>				<b>1979-80 High Low Company Price Ch's Pence % P/E</b>				<b>1979-80 High Low Company Price Ch's Pence % P/E</b>			
1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000
<b>COMMONWEALTH AND FOREIGN</b>				<b>LOCAL AUTHORITIES</b>				<b>DOLLAR STOCKS</b>				<b>BANKS AND DISCOUNTS</b>				<b>BREWERS AND DISTILLERS</b>			
1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000
<b>PROPERTY</b>				<b>INVESTMENT TRUSTS</b>				<b>RUBBER</b>				<b>TEA</b>				<b>MISCELLANEOUS</b>			
1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000	1000 1000 1000 1000

هكزا م الاصل



# THE TIMES

## BUSINESS NEWS

An answering service with a difference, P23

**Stock Markets**  
 T Ind 466.7 up 0.8  
 T Gilt 69.47 down 0.31

**sterling**  
 £344.5 up 85 pts  
 dex 73.9 up 0.2

**dollar**  
 dex 83.4 down 0.2  
 M 1.7645 down 37 pts

**gold**  
 25.50, up \$21

**crude oil**  
 3.50 down \$2  
 south Euro \$ 91.94  
 north Euro \$ 91.94

**BRILL**

**ement**  
**Rhodesia**  
**ds**  
**ly soon**

ent sales on Southern  
 in bonds resumed yes-  
 terday Mr David  
 Zimbabwe treasury  
 and the Council of  
 Bondholders. An an-  
 nouncement is expected  
 shortly. It is believed  
 to be a reached already on  
 tending £50m inter-  
 net debt. There is  
 in that this will be  
 at a favourable rate  
 ngs for satisfactory  
 ion terms on the

13,000 United King-  
 doms are owed the  
 arrears of capital and  
 settlement is likely to  
 form of an issue of  
 No interest on cap-  
 ital have been re-  
 paid. It was declared in  
 it was declared in

**rate watchdog**  
 d television compan-  
 ies announced the forma-  
 tion of a new body to  
 tackle a problem of pirat-  
 ing and television pro-  
 The Video Copyright  
 Society will attempt to  
 the illegal copying,  
 id showing of video

**ays profit**  
 services contributed  
 £1.17m towards the  
 ie British Waterways  
 year, according to its  
 report. Income from  
 activities was £1.6m  
 ment of the Environ-  
 ment totalled £21.3m.  
 379 the board spent  
 operating, dredging  
 sining waterways.

**ice record**  
 Blackwell, president  
 of the British Aero-  
 space, says in his  
 report that exports  
 first quarter of 1980  
 ly to be close to  
 record for any three  
 in the industry's  
 id £86m up on the  
 id last year.

**oil stocks**  
 oil stocks held by  
 rose to 104 days es-  
 tional supply, or 19.9  
 nes, at the end of  
 86 days in May last

**agreement**  
 ur years' negotiations  
 about 100 countries,  
 has at last been  
 Geneva on the Com-  
 t to finance buffer  
 an integrated pro-  
 or commodities pur-  
 y the United Nations  
 t on Trade and  
 nt.

**rae contract**  
 m Oil United King-  
 dom awarded a £40m  
 on a steel platform  
 the Brae Field to  
 t, which has a con-  
 ardered at Ardersier.

**destocking**  
 's destocking amount-  
 in the first quarter  
 ar, according to re-  
 res published by the  
 it of industry. There  
 cent fall in indus-  
 try in the period  
 revious three months.  
 Table, page 25

## Closure of BSR's East Kilbride plant means 2,300 will be made redundant

By R. W. Shakespeare and John Huxley  
 Further signs of the huge shake-up of jobs occurring throughout industry was provided by announcements yesterday more than 2,300 redundancies in areas as diverse as rural Cheshire, central Scotland and the Black Country.

Toden, Britain's oldest commercial vehicle builder, is to reduce its workforce by the end of September. The company is also introducing a three-day working week at its truck plants over a period of six weeks.

Foden's cutback is a serious blow to the Cheshire town where it was founded in 1856 and to the neighbouring areas from where it draws its labour force. Already the nearby ERF lorry plant, employing 1,300 workers, is on a three-day working week.

A Foden spokesman said yesterday that the company was being forced to tailor its operations to a dwindling market at home and abroad. Sales affected by high interest rates at home and the strength of the pound overseas.

"We have gone to tremendous lengths to strengthen our products range and have in fact increased our market share in the heavy trucks field, particularly with our new eight and six-wheel vehicles. But we are operating in a shrinking market," the spokesman said.

This is an extremely sad decision for us. We have a highly skilled flexible and loyal labour force, but there is no alternative if we are to secure the future for the company and the jobs of those who will remain."

A buffer against possibly coming severe cutbacks in Foden's strength of contract field, supplying heavy duty vehicles to the British Army and Nato forces as well as other world-wide orders.

In the West Midlands BSR plans to shut one factory and reduce production at three others. The cutbacks at Old Hill and Stourbridge come only three months after the company made 1,200 other workers redundant in the West Midlands after a downturn in the American market, which previously had been taking 70 per cent of

the company's record changer output. Earlier this year Garrard, another record player manufacturer, cut its Swindon-based staff by about a third.

At the beginning of this year, BSR employed 15,418 people, about 4,000 fewer than 12 months previously. Over the same period the group's profits slumped by more than £10m to £3.9m. In his annual report, Mr John Ferguson, the chairman, gave a warning that further reductions in manning levels would be needed.

Last night a spokesman for the General and Municipal Workers' Union said that the company's measures were a tragedy for the Black Country. BSR's East Kilbride workforce are young women. The company is the second largest employer in the Scottish new town.

Closure of the factory will take more than £100,000 in weekly wages out of circulation, seriously affecting the local economy. Union reaction to the redundancy plans has so far been muted but the messages seem certain to add to the growing political storm over the Government's industrial policy and soaring unemployment, particularly in the North-east where there are now 250,000 jobless.

He will contact Mr John Nott, the Secretary of State for Trade and Sir Michael Edwards, the chairman of BL, to suggest that the Government should act to eliminate "unwelcome competition from abroad". Mr Duffy wants the Government to change its monetary policy to help BL compete with imports.

He sees a cut in hours for BL workers as inevitable unless the Government steps in. "We must face the fact that if you are not selling what you produce you could have lay-offs and reduction of hours," Mr Duffy said.

Unless the Government intervenes, the damage to the economy will be irreparable, and we shall have a repetition of what happened to the motorcycle industry."

A spokesman for the Society of Motor Manufacturers and Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

The society is forecasting total sales this year of 1.5 million, a drop of more than 200,000 cars compared with 1979. However, it gave warning that this month cannot be compared with June 1979, because that was an odd-ball month. It was just before the major budget increases which pushed thousands of buyers into the market place early, seeking to save money.

June sales in 1978 were 132,000, but in the previous two years, they were also below 100,000.

Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

The society is forecasting total sales this year of 1.5 million, a drop of more than 200,000 cars compared with 1979. However, it gave warning that this month cannot be compared with June 1979, because that was an odd-ball month. It was just before the major budget increases which pushed thousands of buyers into the market place early, seeking to save money.

June sales in 1978 were 132,000, but in the previous two years, they were also below 100,000.

Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

The society is forecasting total sales this year of 1.5 million, a drop of more than 200,000 cars compared with 1979. However, it gave warning that this month cannot be compared with June 1979, because that was an odd-ball month. It was just before the major budget increases which pushed thousands of buyers into the market place early, seeking to save money.

June sales in 1978 were 132,000, but in the previous two years, they were also below 100,000.

Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

The society is forecasting total sales this year of 1.5 million, a drop of more than 200,000 cars compared with 1979. However, it gave warning that this month cannot be compared with June 1979, because that was an odd-ball month. It was just before the major budget increases which pushed thousands of buyers into the market place early, seeking to save money.

June sales in 1978 were 132,000, but in the previous two years, they were also below 100,000.

Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

The society is forecasting total sales this year of 1.5 million, a drop of more than 200,000 cars compared with 1979. However, it gave warning that this month cannot be compared with June 1979, because that was an odd-ball month. It was just before the major budget increases which pushed thousands of buyers into the market place early, seeking to save money.

June sales in 1978 were 132,000, but in the previous two years, they were also below 100,000.

Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

## NEB team off to Inmos in America

From Kenneth Owen, Colorado Springs, June 26  
 A special team from the National Enterprise Board will fly here at the weekend for meetings next week which are crucial to the future of Inmos, the NEB's semiconductor subsidiary. It will investigate the company's progress and future prospects at its American headquarters.

Dr Richard Pettit, chief executive of Inmos, is confident the review will lead to a decision by the United Kingdom Government to release the second £25m tranche of NEB investment in Inmos. The money is not forthcoming, he said, the company could continue on its initial £25m investment, but on a severely limited scale.

Sir Keith Joseph, Secretary of State for Industry, will indicate the Government's future intentions on Exchequer aid for the second stage development of Inmos, the publicly-funded micro-electronic company, in the Commons on Tuesday. He will be replying to a debate initiated by the Opposition in response to leading directors of the company who have approached Mr Callaghan, the Labour leader, complaining about the long delay in the Government's consideration of future funding.

Sir Arthur Knight, chairman of the NEB, has asked for Mr George Jefferson, a member of the board, to lead the team to Colorado Springs, Mr Jefferson will take with him not only senior MEB officials but also experts from his own company, British Aerospace.

Mr Jim Simmons, the NEB representative on the Inmos board will not be on the trip because the aim is to conduct an independent review. The team will be led by Dr Pettit and his colleagues that the technical innovation promised by Inmos has been achieved, if not surpassed. The programme is on or ahead of schedule and the company's high technology is matched by sound and detailed business planning and financial control.

Dr Pettit said, without the second tranche, Inmos would have to operate essentially as a United States company. "It would not achieve the goals we have set." In particular, the company would not be able to go ahead with its factory in Bristol, planned to pick up production from the United States in mid-1982.

Mr Richard Hall, finance director added: "Inmos as a United States company is completely viable on its own. It would survive, without the need for any outside finance at this stage."

The NEB team will be particularly concerned to check the market estimates on which the Inmos business plan is based, seeking confirmation of the figures from independent market research organisations. Though Dr Pettit has abandoned his June 30 deadline for a decision by the United Kingdom government because of the urgent NEB review.

The next decision time for Inmos will be the company's board meeting in mid-July when the directors will decide whether to set another deadline for a decision by the government.

Mr Pettit said, without the second tranche, Inmos would have to operate essentially as a United States company. "It would not achieve the goals we have set." In particular, the company would not be able to go ahead with its factory in Bristol, planned to pick up production from the United States in mid-1982.

Mr Richard Hall, finance director added: "Inmos as a United States company is completely viable on its own. It would survive, without the need for any outside finance at this stage."

The NEB team will be particularly concerned to check the market estimates on which the Inmos business plan is based, seeking confirmation of the figures from independent market research organisations. Though Dr Pettit has abandoned his June 30 deadline for a decision by the United Kingdom government because of the urgent NEB review.

The next decision time for Inmos will be the company's board meeting in mid-July when the directors will decide whether to set another deadline for a decision by the government.

by the Opposition in response to leading directors of the company who have approached Mr Callaghan, the Labour leader, complaining about the long delay in the Government's consideration of future funding.

Sir Arthur Knight, chairman of the NEB, has asked for Mr George Jefferson, a member of the board, to lead the team to Colorado Springs, Mr Jefferson will take with him not only senior MEB officials but also experts from his own company, British Aerospace.

Mr Jim Simmons, the NEB representative on the Inmos board will not be on the trip because the aim is to conduct an independent review. The team will be led by Dr Pettit and his colleagues that the technical innovation promised by Inmos has been achieved, if not surpassed. The programme is on or ahead of schedule and the company's high technology is matched by sound and detailed business planning and financial control.

Dr Pettit said, without the second tranche, Inmos would have to operate essentially as a United States company. "It would not achieve the goals we have set." In particular, the company would not be able to go ahead with its factory in Bristol, planned to pick up production from the United States in mid-1982.

Mr Richard Hall, finance director added: "Inmos as a United States company is completely viable on its own. It would survive, without the need for any outside finance at this stage."

The NEB team will be particularly concerned to check the market estimates on which the Inmos business plan is based, seeking confirmation of the figures from independent market research organisations. Though Dr Pettit has abandoned his June 30 deadline for a decision by the United Kingdom government because of the urgent NEB review.

The next decision time for Inmos will be the company's board meeting in mid-July when the directors will decide whether to set another deadline for a decision by the government.

Mr Pettit said, without the second tranche, Inmos would have to operate essentially as a United States company. "It would not achieve the goals we have set." In particular, the company would not be able to go ahead with its factory in Bristol, planned to pick up production from the United States in mid-1982.

Mr Richard Hall, finance director added: "Inmos as a United States company is completely viable on its own. It would survive, without the need for any outside finance at this stage."

The NEB team will be particularly concerned to check the market estimates on which the Inmos business plan is based, seeking confirmation of the figures from independent market research organisations. Though Dr Pettit has abandoned his June 30 deadline for a decision by the United Kingdom government because of the urgent NEB review.

The next decision time for Inmos will be the company's board meeting in mid-July when the directors will decide whether to set another deadline for a decision by the government.

Mr Pettit said, without the second tranche, Inmos would have to operate essentially as a United States company. "It would not achieve the goals we have set." In particular, the company would not be able to go ahead with its factory in Bristol, planned to pick up production from the United States in mid-1982.

Mr Richard Hall, finance director added: "Inmos as a United States company is completely viable on its own. It would survive, without the need for any outside finance at this stage."

by the Opposition in response to leading directors of the company who have approached Mr Callaghan, the Labour leader, complaining about the long delay in the Government's consideration of future funding.

Sir Arthur Knight, chairman of the NEB, has asked for Mr George Jefferson, a member of the board, to lead the team to Colorado Springs, Mr Jefferson will take with him not only senior MEB officials but also experts from his own company, British Aerospace.

Mr Jim Simmons, the NEB representative on the Inmos board will not be on the trip because the aim is to conduct an independent review. The team will be led by Dr Pettit and his colleagues that the technical innovation promised by Inmos has been achieved, if not surpassed. The programme is on or ahead of schedule and the company's high technology is matched by sound and detailed business planning and financial control.

Dr Pettit said, without the second tranche, Inmos would have to operate essentially as a United States company. "It would not achieve the goals we have set." In particular, the company would not be able to go ahead with its factory in Bristol, planned to pick up production from the United States in mid-1982.

Mr Richard Hall, finance director added: "Inmos as a United States company is completely viable on its own. It would survive, without the need for any outside finance at this stage."

The NEB team will be particularly concerned to check the market estimates on which the Inmos business plan is based, seeking confirmation of the figures from independent market research organisations. Though Dr Pettit has abandoned his June 30 deadline for a decision by the United Kingdom government because of the urgent NEB review.

The next decision time for Inmos will be the company's board meeting in mid-July when the directors will decide whether to set another deadline for a decision by the government.

Mr Pettit said, without the second tranche, Inmos would have to operate essentially as a United States company. "It would not achieve the goals we have set." In particular, the company would not be able to go ahead with its factory in Bristol, planned to pick up production from the United States in mid-1982.

Mr Richard Hall, finance director added: "Inmos as a United States company is completely viable on its own. It would survive, without the need for any outside finance at this stage."

The NEB team will be particularly concerned to check the market estimates on which the Inmos business plan is based, seeking confirmation of the figures from independent market research organisations. Though Dr Pettit has abandoned his June 30 deadline for a decision by the United Kingdom government because of the urgent NEB review.

The next decision time for Inmos will be the company's board meeting in mid-July when the directors will decide whether to set another deadline for a decision by the government.

Mr Pettit said, without the second tranche, Inmos would have to operate essentially as a United States company. "It would not achieve the goals we have set." In particular, the company would not be able to go ahead with its factory in Bristol, planned to pick up production from the United States in mid-1982.

Mr Richard Hall, finance director added: "Inmos as a United States company is completely viable on its own. It would survive, without the need for any outside finance at this stage."

## Action on car imports urged

The deepening recession has dealt new car sales their worst blow. Unofficial figures for the month so far suggest sales to suggest that the Government should act to eliminate "unwelcome competition from abroad".

Mr Duffy wants the Government to change its monetary policy to help BL compete with imports. He sees a cut in hours for BL workers as inevitable unless the Government steps in. "We must face the fact that if you are not selling what you produce you could have lay-offs and reduction of hours," Mr Duffy said.

Unless the Government intervenes, the damage to the economy will be irreparable, and we shall have a repetition of what happened to the motorcycle industry."

A spokesman for the Society of Motor Manufacturers and Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

The society is forecasting total sales this year of 1.5 million, a drop of more than 200,000 cars compared with 1979. However, it gave warning that this month cannot be compared with June 1979, because that was an odd-ball month. It was just before the major budget increases which pushed thousands of buyers into the market place early, seeking to save money.

June sales in 1978 were 132,000, but in the previous two years, they were also below 100,000.

Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

The society is forecasting total sales this year of 1.5 million, a drop of more than 200,000 cars compared with 1979. However, it gave warning that this month cannot be compared with June 1979, because that was an odd-ball month. It was just before the major budget increases which pushed thousands of buyers into the market place early, seeking to save money.

June sales in 1978 were 132,000, but in the previous two years, they were also below 100,000.

Traders commented: "Of course the figures are serious. But Britain managed to hang on to good sales figures far longer than most other western nations. The slump arrived here in January. It hit other countries late last year."

The society is forecasting total sales this year of 1.5 million, a drop of more than 200,000 cars compared with 1979. However, it gave warning that this month cannot be compared with June 1979, because that was an odd-ball month. It was just before the major budget increases which pushed thousands of buyers into the market place early, seeking to save money.

## Fisher urges Lloyd's upheaval

Continued from page 1  
 The drafting of a new Act of Parliament to replace existing statutes and designed to embody the new powers of regulation and discipline contained in the report.

The transfer of disciplinary powers, backed by six members of the working party, was one of Lloyd's members' demands. It would mean that all the big brokers would be forced to self-regulate or to individuals or institutions - their important managing agency companies which control syndicates.

The working party points out several potential and actual abuses which can arise because of the conflict of interest between brokers as insurance intermediaries acting on behalf of clients and underwriters within the market. These abuses, the report says, include "the use of expenses on underwriting names, pressurising syndicates to take on 'names' when premium income does not justify the increase in capacity, and pressurising syndicates to write business at preferential rates."

In a further recommendation, which could have major consequences, the report calls for the forced divestment by insurance brokers of their underwriting interests at Lloyd's within five years. The new council coming into being, according to Mr Peter Green, the Lloyd's chairman, the report has received "an overwhelmingly favourable" response from the Lloyd's community. It was prepared by Sir Henry Fisher, a former High Court judge, and a team of six comprising four working Lloyd's members and two outsiders. It was commissioned early

last year in the face of mounting criticism about the way Lloyd's ruling committee had reacted to a series of scandals, and disputes within the market.

Many of the Fisher recommendations could have a bearing on what has become Lloyd's longest-running and potentially most explosive dispute, the notorious Sasse syndicate affair. Several members of the Sasse syndicate are suing Lloyd's and discharging liabilities over insurance losses amounting to over £20m.

In commissioning the report, Lloyd's officials had shown they were acutely aware that existing rules and procedures were "far too slow and cumbersome".

The committee would do its utmost to draft a private members' Bill embodying the new constitution by the end of November in the hope that it would become law by 1981.

Instead of the present 15-man committee Sir Henry envisages a 25-man council made up of 16 working members of Lloyd's, three outsiders and six non-working members who would be elected by postal ballot.

This council would be responsible for making all by-laws and for all policy and strategic planning. It would also be responsible for all discipline, but would effectively split its disciplinary and executive functions.

The council would have much wider powers to investigate alleged breaches, to discipline offenders and to set stringent safeguards against abuses. It would be empowered to suspend any syndicate, broker or agent in extreme cases. Also, it would have extensive

powers in relation to the policing of premium income limits and of "binding authorities" under which market outsiders can be authorised to write business without entering "the room" at Lloyd's.

Fisher also urges a higher standard of audited accounts and reports to members - the latter to be written by "independent" accountants who would be personally liable for the accuracy of their reports.

Sir Henry Fisher claims that in the light of the new structure, the controversial 20 per cent rule under which non-Lloyd's insurance interests are restricted to minority stakes in Lloyd's broking firms would disappear.

Mr Green, who is both an underwriter and director of an insurance broking group, Hogg Robinson, surprised many people with his open welcome for the Fisher proposals concerning divestment by brokers of underwriting interests.

The divestment recommendations have been expected, and initial reaction from leading insurance brokers was calm.

The main problem appears to be how to execute the recommendations. Big brokers underwrite substantial quantities of business at Lloyd's and finding buyers for that size of business would be difficult.

Mr Gilbert Cooke, managing director of C. T. Bowring, said that brokers would recognise the logic of the Fisher proposals.

Mr Neil Mills, chairman of the Sedgwick Group, said the proposals would have to be accepted by all brokers before any changes were made.

## Disputes end work on £20m USAF deal

By John Huxley  
 The Government has blamed lengthy industrial disputes for its abandonment this week of a £20m contract to build defence shelters for the United States Air Force.

In a letter to the Transport and General Workers' Union, Mr Geoffrey Finsberg, Under-Secretary of State at the Department of the Environment, says that on one of the four sites involved no steel has been erected for more than a year.

He adds that there is no likelihood of the dispute being resolved soon. Similar problems have dogged progress on all four sites on American bases at Lakenheath, Bentwaters and Woodbridge in Suffolk, and Alconbury in Cambridgeshire.

Mr Finsberg was answering a letter from the Transport and General Workers' Union, addressed to the client, the Property Services Agency of the Department of the Environment.

He explained that areas around the shelters were needed for operational reasons. It has, therefore, been decided to abandon work on the shelters when clearing-up is complete.

Work on the shelters is at various stages. It has been delayed by disputes over pay, bonuses and productivity involving the main contractor, Costain Civil Engineering, and its sub-contractors and their workforces. At one point there were angry clashes on a site when an attempt was made to bring in Italian workers.

"Costain was offering no comment yesterday on contract developments," although it has been holding talks with its workforce recently.

There has been persistent speculation that the cost of the work, originally let by the Property Services Agency in 1976, had risen to about £40m.

four sites on American bases at Lakenheath, Bentwaters and Woodbridge in Suffolk, and Alconbury in Cambridgeshire.

Mr Finsberg was answering a letter from the Transport and General Workers' Union, addressed to the client, the Property Services Agency of the Department of the Environment.

He explained that areas around the shelters were needed for operational reasons. It has, therefore, been decided to abandon work on the shelters when clearing-up is complete.

Work on the shelters is at various stages. It has been delayed by disputes over pay, bonuses and productivity involving the main contractor, Costain Civil Engineering, and its sub-contractors and their workforces. At one point there were angry clashes on a site when an attempt was made to bring in Italian workers.

"Costain was offering no comment yesterday on contract developments," although it has been holding talks with its workforce recently.

There has been persistent speculation that the cost of the work, originally let by the Property Services Agency in 1976, had risen to about £40m.

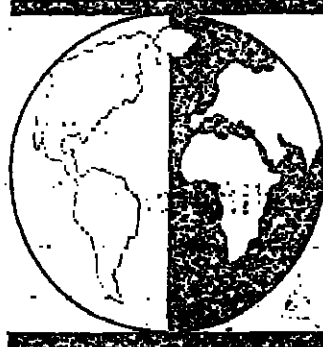
four sites on American bases at Lakenheath, Bentwaters and Woodbridge in Suffolk, and Alconbury in Cambridgeshire.

Mr Finsberg was answering a letter from the Transport and General Workers' Union, addressed to the client, the Property Services Agency of the Department of the Environment.

**PRICE CHANGES**

16p to 20p	Johnson Matt	24p to 35p
15p to 67p	Lasso	38p to 73p
13p to 30p	Maitland Docks	39p to 173p
13p to 30p	Waller Oil	19/16 to 21/4





## State to run Italian SIR group

Societa Italiana Resine (SIR), Italy's third biggest chemical group, is to be run under a management contract for a year by ENI, the state corporation, it was announced in Rome. SIR was close to collapse and earlier this week it said it lacked funds to pay wages for June and would progressively shut its plants, mainly located in Sardinia and southern Italy.

Signor Gianni Alchian, the industry minister, said the Government would give ENI up to 300,000 lire (about £250), for the rescue and would instruct the corporation to draw up a recovery plan during the year.

ENI will not take responsibility for SIR's debts of over 3,100,000 lire (£1,530m) or the 1979 loss of 847,000 lire (£42m) reported by the consortium of creditor banks which has been running SIR.

The Government is examining plans to split the chemical industry into a private group headed by Montedison, and a public group under ENI.

## Import limit sought

Mr Robin Askew, United States international trade negotiator, said in Washington that the Americans were seeking "understandings" with Japan, South Korea and Taiwan to limit their exports of colour television sets to the United States after existing agreements expire on Monday.

## \$3,500m coal plan

The United States Senate has approved a Bill calling for subsidies of \$3,500m (£1,500m) to promote the conversion to coal of 80 oil-fired generating stations by the year 1985.

## £50m for Malaysia

Japan's government-run Overseas Economic Cooperation Fund has signed an agreement to provide \$118m (about £50m) credit to Malaysia for a fibre optic port expansion and hydro-electric projects.

## US steel problems

America could become as dependent upon foreign sources for steel as it already is for oil, unless federal policies are changed to help the beleaguered domestic steel industry, an unpublished Congressional report says.

## Bay of Bengal energy

Oil and gas have been struck for the first time in the Bay of Bengal, Mr Veerendra Paril, the Indian petroleum minister told Parliament. He said oil had been discovered about 40 miles northeast of Machilipatnam town and 15 miles from the coast. Flow rate was over 600 barrels a day.

## Huge oil output

The Soviet Union is the world's biggest oil producer and turned out a record 12.1 million barrels a day in May, 6 per cent more than in the same period last year, the private Petrostudies Organisation has reported in Moscow, Sweden.

## Third World aid

Official development assistance from Western donor nations to developing countries rose by 11.4 per cent in 1979 to \$22,300m (about £9,812m), the Organisation for Economic Co-operation and Development reported, after adjustment for inflation, the increase represents a rise of 2 per cent in real terms, slightly below the average in recent years, the OECD says.

## Information order

The European Commission has announced it will order member governments to disclose information about their financial links to public enterprises in a major new initiative to eliminate unfair competition.

## Conference points to need for emphasis on future opportunities

# Chemicals hope for short recession

Makers of chemicals and those who supply them with heavy plant and equipment have been meeting in Birmingham this week to consider the future of their industries at a conference whose theme is "opportunities and constraints".

The need to plan in advance ensures that chemical leaders do not become too preoccupied with the present, but it has been difficult for many to avoid dwelling on existing constraints. When Mr Michael Bennett, vice-president of Chem-Syns International, concluded his speech with a slide bearing the message "change means opportunity", there were audible groans from some members of the audience.

In recent weeks the chemicals industry has taken a change for the worse. Recently Sir Maurice Hodgson, chairman of ICI, explained that the expected downturn in demand, associated with the drift into recession, had been a long time coming. Now the downturn had come suddenly and deeply.

Similar reports are coming from western Europe. BP Chemicals had a satisfactory first quarter. Since March, however, it has suffered a sharp deterioration in practically all areas. A company statement said that the decline was particularly marked in the United Kingdom where product selling into the textile and construction industries is badly down.

Some companies have found sales of some products, especially bulk plastics like polyethylene, PVC, and polystyrene, down on last year by as much as 40 per cent. Prices have again come under pressure, and revived fears that the industry will be rushed into another painful bout of price cutting.

Plant loading has been reduced, and there are reports that production in the United Kingdom of ethylene—a basic building block for a wide range of

chemical products—has slumped to less than 40 per cent of capacity. Very few companies have made money out of their commodity chemicals operations in recent years, and the Chemical Industries Association is already forecasting that investment with drop in real terms by about 30 per cent in the period to 1982, customer base for the chemicals industry is being eroded quickly and possibly permanently.

Earlier this year Mr Norman Mischler, chairman of Hoechst UK, estimated that car imports during 1979 had cost chemicals makers in Britain about £73m in lost sales. Similar losses are being recorded across industry generally.

The decline may prove to be only short lived. Most chemical companies believe that it is explained largely by destocking by customers, and are looking for evidence of an improvement in the industry's fortunes, possibly before the end of the year. A recent Shell report on the future of petrochemicals expected about 4 per cent growth per year in sales over the next five years. Cambridge Econometrics expects chemical industry output in the United Kingdom to grow at 3.6 per cent a year between now and 1990, against a growth in gross domestic product of only 1.4 per cent, and this is exceeded only by estimates for the output of the financial services sector, forecast to grow at 4.1 per cent a year.

But there are persistent dark clouds on the horizon—and as yet there is little indication that they have silver linings. In the United Kingdom it is feared that the

In western Europe, four main outlets account for about 60 per cent of petrochemicals demand: packaging (21 per cent); building and construction (16 per cent); textiles (12 per cent) and transport (9 per cent). In none of these sectors is the prospect for growth encouraging.

Sir Maurice Hodgson points to the loss of markets for fibres and dyestuffs caused by the widespread contraction in the British textiles industry, and the loss of solvent, paint and plastic sales to the car industry.

He said that although companies like ICI will increasingly move production towards markets outside the United Kingdom, exports have to be built from a strong domestic base.

A related problem is that of low-cost imports into Europe and third markets from the United States, where chemicals producers benefit from artificially low feedstock and energy costs.

The industry is divided on whether American imports represent a short or long term threat. After all American producers enjoy advantages of scale and production unrelated to feedstock costs.

In any case western producers are also likely to face a challenge from other sources—the Far East, the Middle East and the Comoros countries—in the longer term.

A study by Mr Alan Binder, of Shell International Chemical, published today, suggests that this should not obscure the fact that prospects for the chemicals industry remain good.

Meanwhile, the industry is trying to force governments and the European Community to take action to halt the flood of imports from the United States. As many as 18 anti-dumping actions against American goods are being urged by CEFIC, the European federation of chemical producers.

A further attempt is also to be made to

side the Washington controls

on the American producers, to take

voluntary action to halt the flow of

imports.

John Huxley

## British Shipbuilders hits target

By Peter Hill

British Shipbuilders, the loss-making State corporation has reached its 45 merchant ship orders target three months ahead of schedule.

Yesterday BS revealed that Shell (UK) had placed orders for three 2,500 ton deadweight coastal tankers, pushing the total value of orders gained since the target was set to nearly £380m.

The contracts will secure work at two smaller yards until the end of next year.

News that the target had been met was released soon after it was announced that the shipbuilding corporation planned to reduce temporarily, the working week of a large number of its employees.

BS yesterday described the orders as "a fillip to the entire industry". When the target was set it was thought unlikely that it would be met within 12 months.

But the shipbuilders' objec-

tive had been met in nine months, after talks with industry's trade unions last autumn. These talks were centred on the possibility of a 45-ship target, totalling 400,000 compensated gross registered tonnes as a means of stabilising the workload for the "core" yards within the group.

The search for orders has been accompanied by a slimming down of the labour force and an attempt to boost productivity.

Mr John Parker, the corporation's acting chief executive, who led the marketing campaign said: "It is good news for the shipbuilding but it is also a very good boost for the nation."

Many people, he said, had been willing to write-off the industry prematurely but the corporation's success in hitting its target had won it not only a bigger role in the shrinking business world-wide,

but also a breathing space.

Mr Parker said the target would not have been achieved had it not been for the good sense of unions in accepting a 11 per cent pay deal over 15 months, and the work of designers in developing new ships.

"That does not mean to say that we can afford to relax, because world-wide competition is still intense particularly from the Far East."

But so long as the nation is willing to back us through the international crisis, there is today a spirit in shipbuilding to pull through to profit and growth."

Mr J. W. Eckhard, chief executive of both Goole Shipbuilding and Repairing, on Humberside and Clelands Shipbuilding at Wallsend, where the Shell ships will be built said: "The order for these tankers will help to maintain present employment levels in these yards for a further year."

## £10m French computer deal for ICL

By Our Industrial Staff

International Computers (ICL) is about to sign a contract to buy £10m worth of computers from the French company, Logabax, a French company. Several thousand of the printers would be purchased each year over the next few years.

The British company has already agreed in principle to the deal. It plans to sell the printers with the new ICL small business machine to be launched in March.

The deal comes at a time when the French company is rumoured to be in the process of changing ownership. Among the front runners for the takeover is Interchange, which could bid for 62 per cent of Logabax.

The contract also comes as ICL is fighting against competition, principally American, for the supply of equipment to the Inland Revenue. That project would be worth £50m.

Logabax, formed in the 1920s, was backed by the French Government in the mid-1960s in its efforts to encourage the growth of a data processing industry in France.

During the 1970s the company expanded considerably and invested heavily to make it one of the prominent European manufacturers of mini-computers.

## Chinese contract hope for Belfast yard

Two executives of Harland & Wolff, the Belfast shipbuilders, are in Peking chasing Chinese Government orders to build bulk carriers for the country's growing coal and iron ore exporting trades.

Mr Kenneth Ruddock, the company's shipyard marketing director, and Mr Robert Harkness, general manager of Harland & Wolff's engineering division, were invited to Peking

earlier this week when they were in Hong Kong on a Far Eastern, and Australasian sales tour.

The Chinese are known to be anxious to expand their merchant fleet, which at present numbers little more than 100 ships, and Harland & Wolff hopes to interest the government in its standard design 120,000 ton deadweight bulk carrier.

The Chinese already operate three of the company's smaller bulk carriers bought second-hand from Norway.

"We know they are very satisfied with these ships, and three smaller Belfast-built freighters they own and we believe this will work in our favour in the Chinese market," a company spokesman said.

## Pensions criticism of Wilson

By Margaret Stone

The National Association of Pension Funds yesterday accused the Wilson Committee of ignoring the third and most vital function of pension funds—the support of pensioners and of members' dependents.

Although it welcomed the "generally realistic and constructive nature" of the Wilson report, it argued that it was incomplete to draw attention only to the growing importance of pension funds as vehicles for personal savings and providers of capital for industry.

The pensions industry was singled out in the Wilson report as an area where changes in the operating framework would be desirable, culminating in a Pensioners' Rights Act.

Mr Michael Pich, chairman of the NAPF, said that the industry was not opposed to legislation in principle, nor against statutory regulation, but pointed out, however, that it was already affected by more than 20 Acts of Parliament as well as coming under some specific controls from the Inland Revenue and the Occupational Pensions Board.

## Plea for cheaper business loans

Mr Walter Goldsmith, director general of the Institute of Directors, has written to the main clearing banks asking them to give a temporary priority reduction to small and medium sized businesses.

Mr Goldsmith said that unless action was taken "some businesses might not survive, and pressure and future employment opportunities will be lost."

The Institute has petitioned Sir Geoffrey Howe and other Cabinet ministers often during the last few months about reducing interest rates.

Mr Goldsmith yesterday tried a

direct approach by writing to the chairman of the Midland, Lloyds, Barclays, National Westminster and Williams and Glyn's banks, and to the Committee of London Clearing Bankers.

He asked the mto consider reducing interest charges on loans to small and medium sized businesses until interest rates generally show a distinct fall.

Mr Goldsmith told the bankers: "Sufficient encouragement must be given to companies to hang on a little longer before giving up the struggle. Many small and medium businesses are no longer concerned about profitability levels, but are con-

cerned about their very ability to survive."

"If companies had confidence interest rates were about to fall, they might think seriously before abandoning important investment programmes."

Mr Goldsmith said that the Institute recognizes that the profitability of the banks is unlikely to be as high as last year, but he nevertheless felt that a reduction in the clearing banks' interest rates would encourage them to work to the survival of many of their clients' businesses.

"A reduction would make the pressure off the Government's monetary policies, which are the only hope of conquering inflation."

## Spreading the wordprocessing bureaux

By Bill Johnstone

Four hundred franchised word processing bureaux making up the United Kingdom wordprocessing market, are planned to be opened in the United Kingdom over the next four years by Wordplex, the Canadian wordprocessing manufacturer.

Each centre will be set a target of selling five new machines a year.

The franchise bureaux is Wordplex's attempt to compete with multinationals such as IBM, Xerox and Xerox in the United Kingdom wordprocessing market.

It is estimated that 2.5 million typewriters will be replaced with word processing machines in the United Kingdom.

Most manufacturers find that as the cost of their machinery drops and the cost of labour rises, the economic incentive to employ highly paid salesmen.

Each applicant chosen by the company will pay a £350 deposit and then be instructed during a three-week course on the business of running a wordprocessing bureau.

## LETTERS TO THE EDITOR

# Bank profits should be used to aid first time home buyers

From Mr John Heddle, MP for Ebbw Vale and Tamarworth (Conservative)

Sir, The building societies have forecast that they face a significant shortfall in the level of funds required to meet the future demand for mortgages—possibly as high as £4,000m.

At the same time the major clearing banks are about to announce that they intend to enter the home loan market in the next month or so following the abolition of the corset but they intend to limit these funds to the "top end" of the housing market by concentrating their

lending to higher paid executives seeking mortgages in excess of £20,000.

As the average building society mortgage is between £10,000-£12,000 and with bank profits currently boosted by high interest rates, surely it is right that the banks have a duty to devote a proportion of their funds to helping first-time buyers, desperately trying to climb on to the first rung of the home ownership ladder.

I believe too that the banks have a particularly important social role to play in providing mortgages for those council tenants who will wish to exercise their right to buy once the Housing Bill becomes law, particularly as significant support for the Government's policy of offering council houses for sale to tenants has come from the authoritative and politically independent Chartered Institute in Public Finance and Accountancy.

Yours faithfully,  
JOHN HEDDLE,  
House of Commons,  
London SW1A 0AA.  
June 19.

## Index-linked savings are only a limited privilege

From Sir John Wallley

Sir, What a breath of fresh air seemed to be blowing through your columns as I read Professor Pearce's analysis ("Consequences of monetarism", June 19) of our parlous economic and political state!

I regret that, after more than fifty years involvement in our system of government as a civil servant, I have come to share his apparent conviction that the creation of effective public support for the steps necessary to remove inflation from the political options of ministers and civil servants is now beyond the reach of our system.

But might not Professor Pearce have completed his analysis by some reference to the introduction of index-linked national savings certificates as a political conscience saver? They give the whole game away.

(1) They are not an encouragement to genuine savings

because they carry almost no "real" interest; they are sold by government (and sold very successfully) simply as a hedge against the future continuing decline in the real value of the pound.

(2) If they could be created, bought and sold, and redeemed without restriction they would very soon become Professor Pearce's new currency; they have, therefore, been made a highly restricted privilege—limited to certain classes of citizen, small in amount, and non-marketable.

Might not the enlargement, and ultimate removal, of the present limitations on the issue and use of these certificates provide a useful political objective for those seeking the return to a free-market economy based on a sound currency and honest government?

Yours truly,  
JOHN WALLLEY,  
46 Rotherwick Road,  
London, NW11  
June 19.

## Once again Great Britain is missing the bus

From Mr M. Cole

Sir, Why, oh why, does Great Britain have to lose out again? Due to lack of financial assistance to provide adequate space we now appear to be about to miss the bus.

The deal comes at a time when the French company is rumoured to be in the process of changing ownership. Among the front runners for the takeover is Interchange, which could bid for 62 per cent of Logabax.

The contract also comes as ICL is fighting against competition, principally American, for the supply of equipment to the Inland Revenue. That project would be worth £50m.

Logabax, formed in the 1920s, was backed by the French Government in the mid-1960s in its efforts to encourage the growth of a data processing industry in France.

During the 1970s the company expanded considerably and invested heavily to make it one of the prominent European manufacturers of mini-computers.

all the other major exhibitions that might come here rather than Hanover, etc, with the resultant revenue. In this particular instance, though, would it not be nice for the weary, still barding British textile men to be able to play "host" for once instead of yet again pouring their precious cash into other pockets in their attempts to keep themselves in the world marketplace? Is the NEC another prestige project that must remain uncompetitive because no one can be bothered to develop it adequately?

Yours faithfully,  
M. COLE,  
International Association of Knitting Machinery Manufacturers,  
79, High Street  
Esher, Surrey

## Fair Tradings' need to consult with Advertising Standards Authority

From the President of the Association of Mail Order Publishers

Sir, Mr George Scott on behalf of the EEC Commission misquotes me and your report (June 17). I said, and was quoted as saying, that the report of the Working Party on Self-Regulation in Advertising was potentially dangerous in that it did not propose that the Director-General of Fair Trading should consult with the Advertising Standards Authority before exercising any power to

apply for prohibitory injunctions against advertisements.

Of the EEC draft directive, I said only that the requirements were in breach of Article 189 of the Treaty of Rome. Article 189 reads:

"A directive shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave the national authorities the choice of form and method."

This is clear and unambiguous. May I suggest that Mr Scott reads Article 5 of the draft directive? Certainly a number of other drafts have breached Article 189, but in never too late to stop a practice.

Yours faithfully,  
VICTOR ROSS,  
President,  
Association of Mail Order Publishers,  
1 New Burlington Street,  
London W1X 1FD.

## Summary of the Fisher report on Lloyd's self-regulation

The report of Sir Henry Fisher's Working Party on Self-Regulation considers the whole structure, custom and practice of trading at Lloyd's. The principal recommendations are:

1. The rule-making and disciplinary powers which are at present vested in general meetings of members of Lloyd's should be transferred to a new body to be called the Council of Lloyd's.

2. The membership of the council would comprise 16 working members of Lloyd's who would be elected by the personal voting of the working members, six non-working members who would be elected by postal ballot of the non-working members and three outsiders who would be nominated by the council with the approval of the Governor of the Bank of England.

3. The Council of Lloyd's would be responsible for making all by-laws by appropriate majorities, under the powers conferred by Parliament, and for all policy and strategic planning. It would be responsible for all discipline but would delegate its powers to a standing disciplinary committee separate from the executive members of the council.

4. The executive function carried out at present by the committee of Lloyd's would be delegated to an executive

committee of the council consisting of the 16 council members who are working members of Lloyd's. The power to make regulations for the conduct of insurance business in the market could be delegated to this committee. The chairman of this executive committee which would be known as the committee of Lloyd's.

4. The council and the committee would be given extensive powers to regulate the admission and registration of members, agents and brokers. The regulation of agents and brokers would be reviewed every five years. These powers of regulation would replace the present system of contractual undertakings. In the event of any breaches of by-laws or regulations, disciplinary proceedings could be taken before the committee of Lloyd's.

5. Limits and binding authorities, maintenance of adequate means and deposits by all members, the provision of adequate information by agents to prospective and established members, the proper treatment of members by agents under the terms of a generally standard form of agency agreement, and the maintenance of adequate financial resources by brokers and

controlling the activities of individuals employed in senior positions in companies or firms of agents and brokers so that proceedings can be taken to punish or exclude offenders from conducting business at Lloyd's.

6. The council would have a power, subject to suitable safeguards, to veto the appointment and employment of any active underwriter if the council was not satisfied that he was a fit and proper person to hold such office.

7. The council would be empowered to carry out inquiries into the affairs of any syndicate, broker or agent and would be entitled to make orders of suspension when necessary to prevent serious damage to Lloyd's.

8. While the council would strive to maintain the tradition of not interfering in market and underwriting matters, the council would have extensive powers in relation to premium income limits and binding authorities, maintenance of adequate means and deposits by all members, the provision of adequate information by agents to prospective and established members, the proper treatment of members by agents under the terms of a generally standard form of agency agreement, and the maintenance of adequate financial resources by brokers and

9. The council would be responsible for ensuring a higher standard of audited accounts and reports to members by their agents and for strengthening the independence of syndicate auditors.

10. The working party, by a majority, recommends that over a period of five years, shareholding links between Lloyd's Brokers and managing agencies and between non-Lloyd's Brokers and managing agencies should be terminated and that such links should not be permitted in the future. There would be no prohibition of links between Lloyd's brokers and members agents.

11. All disputes between members of the Lloyd's community which did not directly involve outside third parties would be compulsorily submitted to arbitration. An arbitration panel, which would include independent outsiders, would be established to deal with all disputes referred to it.

12. The council would be responsible for encouraging the maximum possible amount of delegation of decision making and the recruitment and development of a permanent staff for Lloyd's of a calibre which will be able to carry out its additional responsibilities which implementation of the working party's recommendations will involve.

## A year of major expansion and record turnover and profits

# KWIK-FIT (TYRES & EXHAUSTS) HOLDINGS LTD.

Extracts from the Statement of Mr Alec Stenson, Chairman.

- Profit increased by 74%  
Group profit before tax for the year ended 29 February 1980 amounts to £2,003,286. This compares with £1,149,040 for the previous year.
- Final Dividend increased by 45.5%  
Total dividend up to 1.34p net per share, compared with 0.921p net for the previous year.
- Turnover increased by 37%  
Group turnover for the year ended 29 February 1980 amounted to £15,806,000, compared with £11,534,000 for the previous year.
- 136 Retail Centres now in Operation  
The acquisition in January this year of Euro Exhaust Centre Holdings Limited resulted in the Kwik-Fit Group becoming the largest independent retailer of tyres and exhausts in Europe, with 124 Centres in the UK, 12 in Holland and Belgium, with 18 new locations under development.
- 1980/81 Outlook  
In March 1980, the Group acquired Brint Properties Limited which provided an additional £1m cash in asset backing. During this year, there will be a period of consolidation in order to maximise the benefits of recent acquisitions, and increase the profit performance of the existing retail outlets.

Copies of the Annual Report and Accounts for the year ended 29 February 1980 can be obtained from:

The Company Secretary, Head Office,  
Kwik-Fit (Tyres & Exhausts) Holdings Ltd,  
East Main Street, Broxburn, West Lothian,  
Scotland EH52 5AS. Tel: 0506-854838.



BY THE FINANCIAL EDITOR

## Fosco's drive for expansion

mergers and takeovers are all the rage at the moment, and the latest is yesterday's offer by Fosco Minsep for Unicorn Industries. Unlike the more dramatic announcement from Vickers and Rolls-Royce, however, this merger is less a matter of industrial survival in an increasingly competitive world than the drive for expansion in a successful and well managed company.

certainly the offer has much to recommend it from a purely industrial standpoint. Though Fosco and Unicorn supply much the same industries—chiefly steel, construction and finishing—their products are not competitive. Both stress the degree to which they supply successive stages of the same process.

nce Fosco looked at some 55 companies before alighting on Unicorn, it is presumably happy about management compatibility, and Fosco's present finance director the same post at Unicorn until two years ago.

it despite these positive factors the offer has been met with considerable scepticism. Fosco's balance sheet was strong at the end of last year—gearing was only about 24 per cent—there had been no hints of possible diversification. Another and major part of the offer, however, may be that it is not easy to see exactly what the terms mean for Unicorn shareholders.

e offer consists of a choice between new Fosco shares for every five of Unicorn or a cocktail of four Fosco shares, 8.25 per cent convertible redeemable preference shares, and £3.50 10 per cent convertible loan stock.

absence of cash is noticeable. Though Fosco may be keeping this for a rainy day, the problem seems to be that since Unicorn shares yielded 8.4 per cent against Fosco's 5.3 per cent, Unicorn shareholders could suffer a drop of 29 per cent in income.

eco must also have been anxious as to retain as much relieved ACT as possible because 75 per cent of profits come abroad. Holders of Fosco shares will receive 75 per cent of profits, but as the offer values Unicorn shares at 62 per cent above the price at the time of announcement it is unlikely to be d.

short-term excitement in the shares. Post Office orders of £330m and £400m of defence work certainly provide protection against recession but it would be rash to chase the shares to high at this stage.

### Redland Overseas strength

At first glance a Government brake on council house spending and interest rates punishing private housebuilding should mean a nasty year for building materials suppliers. But there has been a stream of surprisingly good profits from BPE Industries, Blue Circle, Marley, UBM and others. Yesterday it was the turn of Redland whose figures for the year to March 29 were good enough to lift the shares 6p to 177p.

The main reason is that the Price Commission is no more. Over the past year materials prices have risen on average by around 23 per cent. In some lines such as concrete tiles, they are about 26 per cent up, and in bricks by as much as 38 per cent.

The industry guess is that construction activity will drop by around 5 per cent this year. But if prices hold, the profits damage will not be too serious. This time round, moreover, the winter weather was a lot better than a year earlier, and several groups like Redland, have an overseas cushion.

Redland owns nearly 57 per cent of the West German building products leader Braas & Co, and it did better even than the group expected at the time of the interim figures last November.

Building up from a bad winter Braas took the credit for the way Redland's overseas pretax profits rose 67 per cent to £31.49m, thanks to a housebuilding boom.

It was a different matter at home where pretax profits slipped 2.4 per cent to £15.1m but they had to bear the interest costs of acquisition; Redland Pipes made, and is still making, losses but the Redland Purle waste disposal side went ahead by around 60 per cent. So total pretax profits were £57.29m against £45.20m, or up to £5m better than some City estimates.

Heavy foreign tax, slower and domestic capital spending meant a 42 per cent jump in total tax but the dividend, 27 per cent up against the 25 per cent forecast, is still covered almost three times by earnings and the yield is 5.4 per cent. Inflation adjusted, profits too are as good as £43.5m thanks mainly to low German inflation and high earnings on capital employed, and the debt equity ratio is less than 27 per cent.

### Renold The recession takes hold

Renold is right in the thick of the engineering industry's present malaise. After a disappointing performance in the past, the sharp profits setback in 1979-80 has finally forced it to face the financial facts of life and cut the dividend by just over a fifth.

As it is Renold is having to dip heavily into its reserves to pay 11.4p a share gross after the £4m slump to £6.2m in pretax profits and a £11.2m turnaround to losses of £4.3m at the attributable level after £6.2m of reorganization and closure costs and a £1.3m exchange loss on overseas assets.

Even so the market had been fearing something worse from a group at the sharp end of the capital spending recession and there was some comfort in the fact that after more than halved interim profits the second-half was down by just under a quarter at £3.82m. And there is still strong support from a yield of nearly 17 per cent at 68p up 6p yesterday.

Renold's problem area is still the domestic market where industrial disputes have been aggravated by poor demand at home especially in the second half and the effects of a strong pound. Overseas too strikes in France and Spain have dragged down its contribution in the second half.

With high stock levels inflating working capital, Renold's cash position has been helped by the sale of its Fenner Holding. Interest gearing is uncomfortably high, however, with the £4.2m charge more than two-fifths of trading profits.

Richard Allen examines the Fisher report on Lloyd's insurance market published today

## Wind of change in Lime Street



Sir Henry Fisher (left), chairman of the seven-man working party, and Mr Peter Green, chairman of Lloyd's: agreement on proposals to remove conflicts of interest.



After 18 months and 79 rounds of discussion, a seven-man working party under the chairmanship of Sir Henry Fisher has come up with what Mr Peter Green, chairman of Lloyd's yesterday described as a "blueprint for change".

It is strongly welcomed on behalf of his 16-man ruling committee the report's central recommendation for the creation of a 25-man Lloyd's Council, the transfer to it of rule-making and disciplinary powers and proposals for a new Act of Parliament to give effect to the body of suggestions.

And in a move which will surprise many traditionalists in the market, Mr Green gave his full personal support for one particular proposal which it enacted will cause by far and away the greatest upheaval in Lloyd's 300-year-old history.

The proposal agreed by the majority of the working party—Sir Henry's member disapproved—is that within five years, insurance broking companies should be forced to divest their main underwriting interests within the market. It is a proposal which will lead to a bitter debate within the market and one for which Lloyd's sternest critics would hold out little hope of success within the given time-scale.

But to many in the insurance world the conflict of interest—through brokers controlling the underwriters to whom they channel business—lies at the heart of Lloyd's difficulties, and provides the biggest obstacle to its future success.

Many traditionalists in the market will disagree angrily. Mr Green himself both a long-standing underwriter and director of a broking group once made his view clear with the remark: "You do not have to combat incest just because your mother is the only other person in the house."

But Sir Henry has come up with sufficient examples of the abuses which could occur under the present system to ensure that the problem is not swept out of sight with the ease it was after the Cromer report made similar criticisms 10 years ago.

His report says that the great majority of the larger managing agencies—which control syndicates on behalf of underwriting "names"—are broker-controlled or partially-owned by a Lloyd's broker. Indeed over 45 per cent of the entire underwriting capacity of the market is managed by "broker-controlled" agencies.

The report also draws attention to the fact that some Lloyd's brokers, like publicly-quoted groups, at a very large and account for a high proportion of the business brought to the various Lloyd's markets. In both the marine and non-marine markets five brokers account for nearly half the business, while in the aviation market more than 45 per cent of business introduced is produced by just three broking groups.

In the view of the majority of the Fisher working party, the telephone abuses about a Lloyd's broker could put pressure on an underwriter to write risks contrary to his better judgment, to offer preferential premium rates, to give higher commissions or to settle claims on terms which he would not otherwise agree.

On the other hand, the broker could act against the interests of his client by giving business to his controlled syndicate although better terms might be available elsewhere.

And the report stresses that although evidence about actual abuses has been conflicting the working party has been told of cases where it is either known or strongly suspected that they have occurred.

One member of the working party advocated stopping short of compulsory divestment by the introduction of measures to reduce interference and improved investigatory and disciplinary procedures for the detection and punishment of offences.

Dismissing the dissenting view as inadequate to deal with the seriousness of the

problem, the majority declares that the risks of abuses are now sufficiently well known to constitute a real threat to the good name of Lloyd's and could significantly prejudice the willingness of third parties to place business at Lloyd's or of potential members of Lloyd's to become "names" in the future.

Referring to the potential "hardship" to brokers of being forced to sell underwriting interests, the working party declares: "We believe that the mischief we are seeking to cure is sufficiently large to justify this risk."

Clearly the force of Sir Henry's comments have been sufficient to sway Mr Green to the view that the only way ahead for the market is to remove these conflicts of interest if not quite at a stroke, certainly with all reasonable haste.

But despite Mr Green's considerable influence as Lloyd's chairman and as one of its most respected members, and indeed the broad acceptance

of the report, it is hard to calculate the amount of profit attributable to the management function of syndicates in many cases this does not amount to a significant proportion of the profits of the parent organization.

As for the problems of finding suitable buyers for the underwriting interests, Fisher says that in its view there would be no shortage of individuals and institutions wishing to take over control.

At what price, however, may emerge to be the financial hurdle. Although agencies have changed hands relatively infrequently many Lloyd's officials claim that when changes have taken place the prices involved have reflected extremely high earnings multiples.

Seeing themselves pushed into a "buyer's market" by the Fisher recommendations, the brokers—particularly those in public ownership will see an obligation to fight furiously to preserve their financial interests.

### Technology

## West Coast answering service... with a difference

Brisbane, California. The nucleus of the office of the future is to be found at work here in the hills just south of San Francisco. What it provides is a telephone answering service, but it is a far cry from the written message in pigeon-holes procedure with which most people are familiar. Not only that, when the Voicebank Communications Centre in Brisbane is doing today the National Enterprise Board's Nexos office automation subsidiary will be doing (Sir Keith Joseph permitting) tomorrow.

The link between Voicebank in California and Nexos in Britain is the Delta computer, a large, powerful "communications engine" developed by Delphi Communications of Los Angeles, a majority-owned affiliate of the Exxon Enterprises subsidiary of Exxon Corporation, the oil company.

Last year, Nexos signed a deal with Delphi which gave the British company an exclusive licence to manufacture the Delta 2 computer in the United Kingdom and to market it for office automation throughout Europe. The Voicebank centre at Brisbane based on the prototype Delta 1 machine, is operated by Delphi.

Using video terminals which present all relevant information, the operators at the centre provide a remote, personal secretarial service of high quality and individuality.

Historically, Delphi set out to develop an office automation system, not a telephone answering service. The aim was to handle text, data, voice and pictures. As a "terminal" the telephone was available, ubiquitous and familiar—but in conventional use its undoubted benefits of immediate voice contact were accompanied by many irritations and inefficiencies.

Delphi decided that a fully automated system, though feasible, would be limited and would not match the real needs of business people. It was essential, the designers decided to "include an operator in the loop". Thus the telephone service in which the operators ("telephone secretaries") is a more accurate term, handles messages rapidly and efficiently—and pleasantly—and tailor their responses to the degree of urgency. They are guided throughout by instructions and information displayed on their video screens.

When a caller dials the number of a Voicebank client, the Delta system identifies the organization or person being called and immediately displays relevant information on it, him or her on the screen of the operator.

The technology of the Delta is ingenious—the different requirements of information processing, file services, interactive services and "real-time" (eg, voice) operations are handled by four separate sections of the computer, which can easily be expanded or changed.

But the most time-consuming part of the development task proved to be not the technology but the "human engineering"—the effective blending of the human and machine abilities into a responsive system. "Our operators provide the binding, the coupling, the intelligence," says Mr Art Rosenberg, product planning manager of Voicebank. "There are rules of judgment—and the rules change."

would dare to reply with a simple, uninformative "Hello". The exact salutation as specified by the client is displayed along the bottom of the screen—"Customized Cars. May I help you?" for instance.

Other sections of the screen give key facts about the client—the names of individuals likely to receive messages; procedures for different types of call; and a message form area where the operator types in the names, telephone numbers and messages of callers.

Thus the operators can in effect change their identities according to the number being called. They know the basic facts about the client they represent and can act to a large extent as if they were full-time secretaries on the client's premises.

Similarly, when a client telephones in for messages, the screen displays any messages received and the names of individuals authorized to receive them. At the client's discretion the messages can be erased, retained or printed out after they have been passed on by the operator.

Clients also call in with a range of ad hoc instructions.

An operator replies: "Hi, this is Stephanie, may I help you?" for example, to be told: "I'm stepping out for ten minutes, would you take over?"

On to this basic answering business Voicebank has grafted a range of other telephone response services. These include order taking, special offer processing and the dispatch of service engineers.

They also include in a limited way only at present, the use of voice recordings to which a caller can listen without having to involve the Voicebank operator.

This allows long, technical or personal voice "memos" to be handled. In a more advanced form this is clearly one of the key elements in the development of future office automation systems.

Voicebank at Brisbane, handles about 24,000 calls a day from Monday to Friday, or about 150,000 in a full week, on behalf of about 4,000 clients. It is done with a maximum of about 40 operators, falling to two on the "graveyard" shift at midnight.

For the future, Delphi envisages a network of Voicebank centres across the United States.

Kenneth Owen

Business Diary: Sullivan's travels • Bankers' half measures

## Business Diary: Sullivan's travels • Bankers' half measures

Sullivan, a decade ago of Chase Manhattan in London, is taking on the job in American banking: chairman of executive officer of Chicago Corporation, the company of the ninth United States bank, national of Chicago.

Mr. 49, takes over a bank like a battlefield. He has been poor, and 10 executives have been fired in the five years since Robert Abbaud became chairman.

g then fired Abbaud, party's outside directors for an outsider who takes a fresh start with a new Chicago. Sullivan n with the New York 25 years.

Perkins, president of al, Chicago's other k, who used to joke about was his biggest st moved to issue a e congratulating First on Sullivan's appoint-

One man will today take a special pride in the fine profits announced by building materials giant, Redland. He is Tony Morgan, 48, a man not unused to a few years ago—to the flattery of press tipsters, brokers and investors.

Redland was proud to announce that a key to its majestic progress was none other than the waste disposal division bequeathed by Morgan.

A former Olympic Gamesman Morgan took his waste disposal business, the inaptly named

Purle, to the height of City fashion. They called him "Mr. Dumpster".

Recognition comes when someone wants to buy what you have. Or does it? In fact Redland and Ready Mixed Concrete joined in 1971 for Purle. Redland had the holes, Purle the muck.

Redland won, and its then chairman Lord Beeching, better known for ripping up railways than his stints at ICI and the building materials group, said the price paid was "high but reasonable".

Alas, Purle's profits were

short-lived; it has taken eight years to pull it round to Redland's satisfaction. Chairman Colin Corness, said: "Morgan is a good businessman. He has real flair."

As for Morgan, he left Redland after 18 months. He is now an employee of George Wimpey, but still disposing waste. The man once feted in a Sunday colour supplement told Business Diary: "For four years I have been happy in total isolation from the press. I plan to keep it that way." Oh ingratitude!

Alan Farrar, the marketing manager of Paper Mate, has some interesting and recently commissioned figures on the throw-away pen business here, as his company, a Gillette subsidiary, tried to break into the office supply market.

He says that we buy 11 such pens per head per year (560 million), at a cost of £2 a head (£1,100m). Two out of three come from work ("nicked," in Farrar's phrase)—and there is the rub.

Big employers often still buy from wholesalers rather than direct from the manufacturer, possibly because the wholesaler also stocks other office products. ICI, he reckons, buys 300,000 throw-aways a year in this way.

Perhaps a touch of disposable pens are bought directly, nearly all of them by cost-conscious government departments and local authorities. The biggest single order in the world, he says, is that of HMSO, which is as tough if not tougher than any business negotiator.

Will yesterday's Wilson report be as successful as its precursor, the interim report on the financing of small firms? This has received the accolade of being chosen as a set book by the Oxford and Cambridge Examinations Board for "A" level Economics students.

Ross Davies



Sir Eric Faulkner

targeted section of bank employees. The union's position might be stronger, however, were there more than two women on the executive of 16. The proportion is even lower when it comes to full-time officials and organizers.

Should Sir Eric care to seek advice he need not look far. One distinguished BBA member is Lord Armstrong of Sandstead, single chairman of Midland Bank, but a former head of the Home Civil Service.

The 1971 Kemp-Jones report on conditions of employment for women in the civil service both improved women's treatment there and set the pattern for the subsequent Equal Pay and Sex Discrimination Acts which did much for women in other employments—if not notably in the banks.

The figures show that the banks are not doing as much as they can to promote less unequal opportunity. The Civil Service, meanwhile, is already updating Kemp-Jones.

## RECORD PROFITS FROM ALL DIVISIONS

Year ended 31 March	1980	1979	UP
Group Turnover	£5000	£5000	
Profit before taxation	85,112	42,596	100%
Profit after taxation	7,319	3,530	107%
Earnings per share	6,128	2,638	132%
Dividend per share	89.60p*	52.40p	71%
*Capital increased during the year	8.00p*	6.54p	22%

"The strength and nature of the trading activities in which we are engaged allied to the anticipated results of our continuing search for projects and acquisition opportunities both home and abroad, gives me confidence in predicting that further growth will be achieved."

George Hesby — Chairman

MINING — CONSTRUCTION — COMMERCIAL

**Burnett & Hallamshire Holdings Limited**

119 Psalter Lane, Sheffield S11 8YS



## FINANCIAL NEWS

## Stock markets

## Prices drift as profit-takers move in

The overall stock market picture was dull yesterday, although a few sectors provided notable exceptions, including oil, electricals and the Australians. Equities opened extremely well after Sir Geoffrey Howe's speech at the Carlton Club where he urged moderation over pay and hinted at increased optimism over inflation in future.

But the euphoria was short-lived as the end-of-account profit takers moved in and the market soon started to drift, although jobbers believed there was a firm undertone to trading.

Company news also provided many of the day's features. Plessey's and Electrocomponents figures ensured that the sector was the equity leader all day.

Gilt were more disappointing as the two new taps received an unenthusiastic reception. The longer-dated Treasury 13 per cent was activated at £30. The Government broker tried it at £30.1, but with no buyers, withdrew after which dealers saw some profit-taking. But there was no interest in the shorter-dated stock which remained at its partly paid £40 price.

Long continued to fluctuate all day and finally closed at Wednesday night's levels, while shorts finished about £3.16 down although some had been as much as £4 better during the day.

The FT Index, which was a fraction down for most of the day, closed at 466.7 up 0.8.

Leading industrial stocks showed little change on the day as there was not much turnover. ICI managed to climb 8p to 390p on the strength of the oil find in the Ninian Field, but finished back at the previous night's level of 382p. Unilever dipped 5p to 471p. Glaxo at 224p, Beecham at 140p, Cour-

tauld at 73p and Dunlop at 79p were all unchanged, and EAT Industries slipped 3p to 253p. But Blue Circle bucked the trend up 2p to 350p, strengthened by Redland's 6p rise to 177p on its results.

Company results also ensured a 7p rise to 321p for Anderson Strathclyde after news of a £6m rights issue and a 43 per cent profit increase. Burnett and Hallamshire added 15p to 670p to celebrate more than doubled earnings.

Renold jumped 6p to 68p after hours with news of a significant second-half recovery. The earnings and dividend cuts

already been discounted. Plessey added 18p to 178p on its results, while Electrocomponents gained 25p to 585p after better-than-expected figures. This helped to push prices in the sector up to some of their highest levels. Ferranti moved up 22p to 599p, Thorn EMI finished 4p better at 292p, while GEC was 6p up at 408p. Rascal gained 3p to 270p.

But the problems of the car industry were sufficient to push engineering stocks down several pence. GKN closed 5p off at 338p. Lucas lost 4p to 200p and Tube Investments was 2p lighter at 270p. Henlys' interim

results ensured a 3p drop to 70p but Rolls-Royce Motors returned from suspension 41p better at 651p, while bidder, Vickers lost 4p to 126p. Unicorn Industries hardened 2p to 124p on the offer from Fosco Minsep, which dipped 8p to 164p. Revertex gained 2p to 51p after rejecting terms from Rule Catto which gained 4p to 115p. A property revaluation helped Milford Docks by 20p to 173p but Mothercare dipped 18p to 248p on the chairman's statement. Lough moved over the 100p mark by gaining 5p to 101p as rumours persisted that results

were imminent, but Horizon Travel was hit by the state of bombings in Spain and lost 7p to 263p.

The oil sector continued to bubble away on the strength of the Ninian field oil find, although prices closed off their best with profit-taking. BP,

which announced the find on Wednesday, added 4p to 380p, despite brisk turnover, but partner, Lasso, held its 35p gain to 754p. Ranger Oil, which is also involved, added 51p to 514p and Tricentral performed well rising 4p to 382p. Shell dipped 2p to 402p, but Ultramar gained 2p to 378p.

The secondary oil stocks also forged ahead with Berkeley Exploration rising to 235p at one point, although it finished at 216p, down 2p. Equity turnover for June 25 was 213.6m (number of bargains 15,555).

The most active stocks, according to Exchange Telegraph were: Lasso, Premier, Plessey, Charterhouse, Rolls-Royce Motors, Unilever, BAT Industries, Boots, European Ferries, GKN, Marks and Spencer, Burmah, Allied Breweries and Beecham.

Traded option contracts added to 1,088, despite a drift in equities, in traditional options, calls were produced in Debenhams, Premier, Woodside, Lasso, Avana, M. L. Meyer and Lough. Puts were arranged in Woodside and Berkeley Exploration.

## Cash call for £6m by Anderson Strathclyde

By Philip Robinson  
Anderson Strathclyde, the mining and industrial equipment makers on which Charterhouse indicated staged a "down raid" in the market to gain a 23.4 per cent stake, yesterday launched a rights issue to raise £6m.

Shareholders are being offered one new share at 65p for every four already held. The issue price was at a 16 per cent discount to yesterday's opening market quote, but jumped to 27 per cent as the shares added 7p to 81p last night.

What sent the shares rising — an unusual trend when companies try to raise cash from the market — was Anderson's 43.6 per cent lift in pretax profits for the year to the end of March, a 33 per cent dividend increase, and a board promise to at least maintain the dividend for the year, although it feels it imprudent for to forecast the year's profits.

At the pretax level, earnings rose from just over £4m to £5.6m on a 5.5 per cent advance in turnover to £72.3m.

The gross total dividend is 5.7p with a 4.28p final.

The figures surprised the market, bracing itself for bad news after the interim statement in November revealed that the group had suffered badly from a domestic strike followed by the national industrial disputes in August and September. The first half results showed a loss of £1.436m.

Anderson is the second manufacturing company and the first engineer to ask the market for money this year. It needs it, says the board, because increases in working capital requirement caused by inflation have been financed out of the group's own resources and borrowings. At present the group has loan capital of £6.5m and bank overdrafts of £4.2m.

The group says it has nothing specific in mind for the new cash, but much of it is likely to end up expanding Anderson's small United States offshoot where "opportunities for further expansion now exist" as the worldwide demand for coal increases.

## Half-time results slump at Henlys

By Bryan Appleyard  
The full force of BL's in market share and the thin profit margins to be on its cars hit distributor Henlys in its first half to a 31.

Pretax profits slumped £2.1m to £43,000 on revenue down from £100.5m to £93.5m. Below the line, the profit looks a bit rosier, thanks £713,000 extraordinary credit.



Mr G. R. Chandler, chair of Henlys.

arising from the closure of branches. These disposals freed £900,000 in all.

Further shares are now being negotiated with a total value of £2.25m. The turnover fell was tiredly due to the fall in car sales. Although the car market as a whole was slightly up, signs of a recovery were slumped.

However, Henlys' share moves away from BL's defence have started taking following the acquisition of a major Ford dealership in fast and a Renault business Manchester. Last year, non operations contributed 45 per cent of trading profits and a portion will have been high this time.

This movement away from BL has also led the company to look for diversification in linked fields. Though balance sheet has deteriorated since the year-end, it appears to be strong enough to bear some acquisitions.

The interim dividend has been maintained at 4.5p and "provided that there is no improvement at time of the final results, board intend that the final maintained".

## Stead and Simpson higher

By Our Financial Staff  
Stead and Simpson saw profits from its motor trading

the jumped by 35 per cent last year to £701,000, which helped push the group pretax figure 16 per cent higher to £3.3m.

Footwear retailing remains the group's largest profit earner. Its contribution rose by 12 per cent to £3.1m for the year to March.

Group turnover rose by 22 per cent from £28.8m to £35m. The group's retained profits showed a gain of 47.6 per cent to a shade over £2m helped by the sale of properties.

Shareholders will receive a final dividend on the ordinary and "A" ordinary shares of 3.242p each, with the interim of 1.428p, gives an 18 per cent rise in the total payout to 4.67p.

## Profits doubled at Burnett &amp; Hallamshire

By Our Financial Staff

The wheel has not quite turned full circle at Burnett & Hallamshire Holdings. Once it ran a door-to-door coal business. Then it became a building and fuel oil group. Now it is easily the largest open-cast coal-miner in Britain which, when it has finished with their fills up the holes it has made, often turning them into housing estates.

Yesterday, Mr George Helsby, chairman, reported turnover all but doubled to £85.1m in the year to March 31, while pretax profits more than doubled from £2.32m to £7.32m. Tax rose more sedately, to leave attributable profits after minorities at £6.1m against £2.6m. Against these figures the progress in the key indicator, earnings a share by less than 71 per cent to 89.6p may seem an anti-climax, but a dividend virtually doubling, 8.0p, a share (11.44p gross, with a final of 4.5p a share must be consoling.

This payment absorbs a mere 57.4p of the £6.1m attributable profits. Five years ago pre-tax profits were only £1.3m and attributable profits 507,000.

Acquisitions have clearly played their part—Mining Investment Corporation (open-cast coal-mining) joined last September and April saw the acquisition of Loves Oils, an unbranded distributor of heavy fuel oils and middle distillates—but profits a share have more than kept pace. The construction division has also done well.

Meanwhile, capital employed is now almost £29m, increasing asset value a share by 86p to 341p. Despite this heavy investment, gearing remains low.

The group is seeking acquisition both at home and abroad, and profit progress so far, Mr Helsby considers, "sets a platform for future stable growth". The shares rose 15p to 670p yesterday.

## Bank urged to maintain flexibility

By Roman Eisenstein  
Banking Correspondent

Lord O'Brien of Lothbury, former Governor of the Bank of England and retiring president of the British Bankers' Association, has urged the Bank to "maintain a flexible and reasonable approach to banking supervision".

Writing in the association's report for the year to the end of March, he says that this is essential not only for the banks but also to maintain London as a leading international financial centre.

In reviewing banking supervision in Britain, Lord O'Brien says that the Bank of England's consultative paper on the measurement of capital is near completion and that a number of changes proposed by the BBA, including greater flexibility in application, have been accepted.

Reporting on reporting requirements being introduced in the United States, Lord O'Brien expresses concern on behalf of British banks. He stresses that the Federal Reserve Board's proposals extend to the right for detailed information at British based head offices of banks with branches in the United States and to all material interests outside the United States.

## Banking costs are mounting

In a new international comparative study of banking costs and profit margins, published in OECD's latest "Financial Market Trends", Professor Jack Reuel of the University College of North Wales says that there has been a general rise in operating costs since 1968 and, that for most of the banks analyzed, the ratio of capital and reserves as a proportion of total business have been falling.

Statistics for banks of 15 countries analyzed show that operating costs as a proportion of balance sheet totals have risen in all countries except Austria, France and the Netherlands. Margins of earnings have fallen in most countries, while the fall in capital ratios has been steep for several countries, especially Austria and France.

## Briefly

Radiant Metal Finishing Co: Turnover for year to February 28, 1980, £295,800 (£217,600). Pretax profit £269,200 (£196,300). Final dividend is 2.85p gross (2.21p net) making 4.29p gross (2.59p net).  
Mitsubishi Corporation: Company has acquired Tribune Ltd for 3.5 times average annual profits of Tribune for the three years ending Dec 31 1982. An initial non-refundable payment of £900,000 having been made. Pretax profits of Tribune for 1979 amounted to £229,000 on sales of £7,139,000.

Unilever: Turnover for year to Dec 12, 1979, £71.8m (£75.0m). Pretax profit £2.9m (£299,000). Company has used proceeds of sale of its tyre business at Newbridge to reduce bank borrowings and finance planned growth in other areas of business.

Marlborough Property Hldgs: Chairman, Mr M. M. Lange, says: "Shareholders may be interested to learn that board intends to carry out a revaluation of group's property portfolio at end of year. This will result in significant increase in asset value per share of company, which will be reflected in accounts for year ended December 31, 1980".

Brail Group: Turnover for half year to March 31 £22.1m (£16.0m). Net loss £181,400 (profit £259,100). Loss per share 3.08p (earnings 6.26p). No interim dividend (0.79p gross).

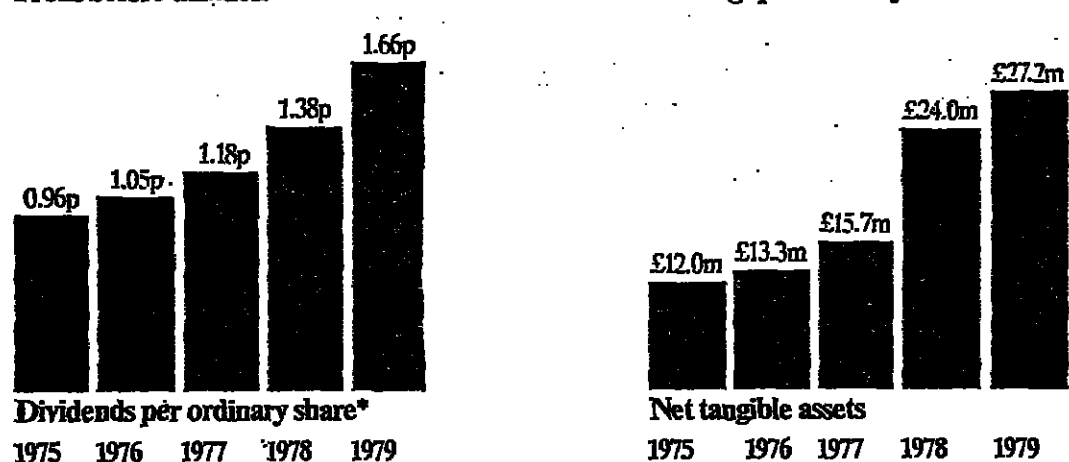
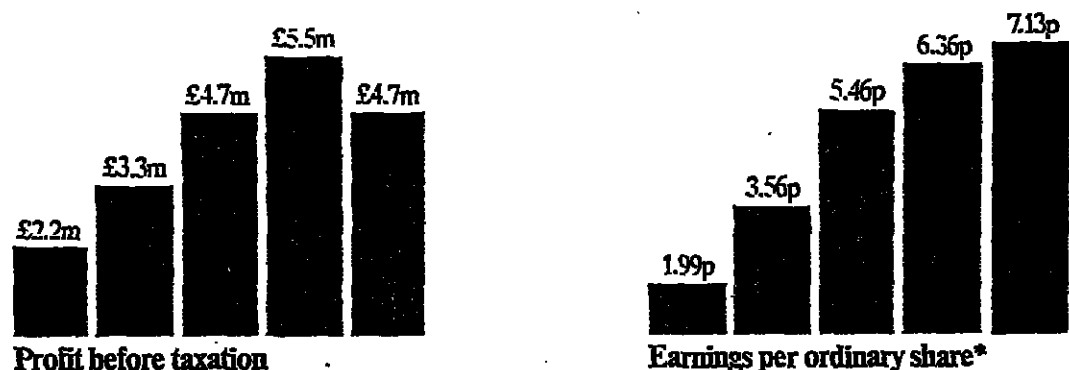
T. Cowie: Acceptances of T. Cowie's basic offer for George Cowie and Co as set out in prospectus on June 25 amounted to 10,997,419 Ewer shares, including acceptance of the all cash offer for 10,181,586 Ewer shares. Basic offer became unconditional in all respects on June 18. Aggregate of shares owned by Cowie and acceptances to basic offer now amounts to 18,761,419 Ewer shares, representing 92.34 per cent of total enlarged issued share capital of Ewer.

John Folkes Hefo: Chairman said at agm: "Steel strike reduced profits of steel and engineering units and after efforts will take until September to wear off, improved results from industrial property, forgings and merchanting units will probably more than compensate".

South Staffordshire Waterworks: Applications in respect of the offer for sale by tender of 50m 2 per cent redeemable preference stock 1985 totalling £16.9m. Average price of allotments £101.51, lowest tender accepted being £101.25.

Kwik-Fit: (tyres and exhausts) Hldgs: Company has acquired outstanding 25 per cent of its subsidiary Kwik-Fit (Southern). Vendor was Mr S. H. Saunders, director of Southern, and acquisition follows exercise of an option by Mr Saunders granted upon the incorporation of Southern in 1975. London and Assoc Invest Trust: Pretax loss for year to December 12, 1979 £54,200 (profit £91,100). Loss per share 0.72p (earnings 0.56p). No dividend (same).

## Greater shareholder benefits in a difficult year



\*adjusted for scrip issue in 1978.

MANUFACTURERS OF CRANES AND DRAGLINES  
PLANT AND EQUIPMENT FOR WATER TREATMENT,  
PETRO-CHEMICAL AND IRON AND STEEL  
INDUSTRIES ALUMINIUM CASTINGS AND COMPONENTS  
SOLID FUEL, GAS AND OIL HEATING APPLIANCES  
METAL PRODUCTS FOR THE CONSTRUCTION

**CENTRAL & SHEERWOOD**

INDUSTRY AND COMPONENTS FOR COMMERCIAL  
VEHICLES—CORPORATE MERGERS AND ACQUISITIONS  
INSURANCE BROKING—PRINTING AND PUBLISHING  
PHOTOGRAPHIC, OPTICAL AND AUDIO EQUIPMENT,  
CIVIL, STRUCTURAL AND MECHANICAL  
ENGINEERING CONSULTANTS

If you would like further information about the company, copies of the Annual Report and Accounts are available from the Company Secretary, Central & Sheerwood Limited, 36 Cheapside Place, London SW1X 8HE.

## Good results from Hargreaves

- Pre-tax profit for the year to 31st March at £4.2 million was the highest in the history of the Group.
- Notwithstanding last year's substantial increase in capital, the total dividend of 3.96p per share is over 10% higher, and earnings have risen from 10.9p to 11.1p per share.
- In common with most other businesses we face difficult trading conditions in the current year.



**HARGREAVES GROUP**

Transport and shipping services; quarrying; waste disposal; fuel oil and solid fuel; commercial vehicle distribution; fertilisers and plant hire.

Copies of the Report and Accounts are available from the Secretary, Bowcliffe Hall, Bramham, Wetherby, West Yorkshire LS23 8LP. Telephone: Boston Spa 843535

## Durapipe International Limited

Year to 31st March	1980 £000's	1979 £000's
Turnover	14,329	12,599
Profit before interest & extraordinary item	1,346	1,231
Interest	(540)	(226)
Tax	(159)	(177)
Extraordinary item	(54)	—
Net profit	593	828

## Chairman reports:

The profit before interest and extraordinary item was improved due to an excellent result from Durapipe Limited, but high interest charges, the effects of the Engineering and Steel strikes and loss-making in America due to recession, resulted in an overall fall. Nevertheless the dividend is being increased by just over 10%.

The result for the current year is difficult to forecast and will vary much depend upon how the U.K. economic situation continues to affect the home-based companies.

The Report and Accounts can be obtained from:

The Company Secretary,  
Durapipe International Limited,  
Norton Canes, Cannock, Staffordshire WS11 3NS

The Annual General Meeting will take place at The Waldorf Hotel, London on Tuesday, 29th July, 1980 at 11.00 a.m.

## electrocomponents limited

Trading results for the year to 31st March 1980 (Subject to audit confirmation)

	Half year 1.10.79 to 31.3.80	Full year to 31.3.80	Full year to 31.3.79 (Audited)
External sales	32,046	57,348	44,405
Profit before taxation	7,360	19,052	10,004
Corporation Tax	3,412	5,912	4,632
Profit after taxation	3,948	7,140	5,372
Increase on corresponding period—			
External sales	35.3%	28.1%	32.3%
Profit (pre-tax)	34.0%	30.5%	31.7%

At the Annual General Meeting to be held on 8th September 1980, the Board will recommend a final dividend of 5.25p per share, making a total for the year of 8.75p (6.5p previous year).

Copies of the Report and Accounts will be available from The Secretary, Electrocomponents Limited, Maple House, 3745 City Road, London EC7P 1HX, from 14th August 1980.

Britain's biggest electronic components distributor



## FINANCIAL NEWS

## First downturn in five years at ACC

Associated Communications Corporation, the television, film and property group headed by Lord Grade, yesterday reported its first fall in profits for five years. For the financial year to March 31 pretax profits are down from £16.3m to £14.1m on sales up from £134m to £167.5m.

The group has been affected by a slump in television profits, high interest charges and overruns on the film "Raise the Titanic" which opens in Boston, Massachusetts, on July 30. The final dividend is, however, maintained at 4.9p a share.

The market was expecting bad results and the "A" shares were only a shade easier at 94p. Most of ACC shares traded on the Stock Exchange are non-voting "A" shares.

At the interim stage profits were down from £6.1m to £5.7m



Lord Grade, chairman of Associated Communications.

fall by 38 per cent to £3.9m.

Except for a loss of £1.24m on records and tapes, other divisions have reported either higher or broadly unchanged

profits. It was probably inevitable that rising costs and interest charges brought charges attributable to the holding company, including interest, up from £720,000 to £444m.

There are various uncertainties affecting the future of ACC. Lord Grade has asked a lot of a push into the highly competitive American film market, and the success or failure of the film division will largely affect future profitability.

At home the recession and almost certain fall in discretionary spending will adversely affect the group, as will the split of its Midlands television franchise into two regions.

On the more positive side, the undoubted potential of home video systems and ACC's ability to gain a large share of the market.

## Electronics group beats forecast by £500,000

By Peter Wilson-Smith

Electronics components ended the year to March 31 on a strong note despite the caution sounded by the company at the interim stage. After rising by 25 per cent in the first half, profits of the electronic component distributor increased by 34 per cent in the second half.

This left the year's pretax surplus up by 30 per cent to £13.1m—about £500,000 above expectations. Group turnover was 29 per cent higher at £57.3m reflecting both volume growth and a substantial element of price increases.

The shares rose 25p yesterday to 58p where they yield 2.1 per cent following the one third increase in the total dividend to 12.5 gross. On a full tax charge the p/e ratio is 18.7.

Mr Ronald Marler, the chairman, says this year will be tougher. Customers are becoming more conscious of expenditure, and taking steps to curtail or slow it.

However, he points out that R.S. Components—the main distribution company, accounting for perhaps three-quarters of group sales and profits—sells largely to customers involved in maintenance and research and development rather than production. This, he thinks, provides some protection from the recession.

"I expect growth this year," said Mr Marler, "but by golly we are going to have to fight for it."

Electronics components has continued to generate surplus cash despite having to finance higher working capital needs. Cash balances of £5m at March 1979 increased during 1979-80 and higher interest rates will have contributed to the profit rise, although the group does not disclose the figure until the accounts are published.

Year-end stocks will also show a stable increase, reflecting both inflation and the high level of business. At March 31 Electronics components was carrying just over three months' stock compared with just under three months at the previous year end. However, stocks have been cut at Electronics' retail and high street electrical retailers, an other area.

Electronics components earns almost all its profit from component distribution in contrast to companies such as Unitech and Farnell, of which it is often compared, but which have larger manufacturing operations. Electronics components has continued to broaden its catalogue to include more high technology solid state products.

## Harris sells credit group

Harris Queensway, the furniture carpets and DIY group which made a successful £15.5m takeover bid for Henderson-Kentons two months ago, has sold H.K.'s credit business to Tricity Finance for £12m.

Proceeds of the sale will be used to reduce Henderson-Kentons' borrowings of between £4 million to £5.5m. The remaining £7m will be used to develop the existing business. Harris's bid for H.K. involved paying £14m of the total value in cash. This sale to the Finance company, owned 51 per cent by National Westminster Bank and the rest by Thorne EMU, means Harris effectively bought the company for around £7m.

This is the second occasion on which Harris chairman Mr Philip Harris has sold the credit business of a company which his group has bought. He sold the credit business of Hardy & Co (Furnishers) which the group bought last year.

## Amal Industrial passes preference

Due to cash flow problems, Amalgamated Industrials' board has decided that it would not be practicable to recommend the payment of the interim dividend on the 10.6 per cent cumulative second preference shares.

It is hoped that the resumption of dividends can take place in the future. It is also possible that the next dividend on the shares will be passed, but the board will give consideration to it at the appropriate time.

There should, however, be no question of the next payment of interest due on the debenture stock 1989/94 in the company.

## Hardys and Hansons rises 24.7 per cent

Hardys and Hansons reports a turnover for the half year to March 23 of £5,625m against £5,227m. Taxable profits rose 24.7 per cent to £1.17m. Earnings a share were 1.17p against 9.03p. The interim was 4.45p gross against 3.7p.

The profit includes dividends and interest receivable, less interest payable at £210,000 against £113,000. The profit on trading was up by 16.3 per cent but higher interest rates helped to increase pre-tax profits.

Although trade compared with the previous year was good between Christmas and Easter, it has since been disappointing.

## Lonsdale Universal up 45 pc for half year

Turnover of Lonsdale Universal rose by 19 per cent to £21.8m in the six months to

March 31, but pretax profits of this industrial holding group dipped 15 per cent to £12,000. National disputes within the printing industry were not resolved until the end of May, and are expected to reduce trading profits by more than £125,000 in the current year.

The dividend is raised from 1.67p to 1.85p.

Over the full year the group does not expect to reach last year's level of net profits.

## Durapipe holds payout after profits slide

Durapipe international reports a rise in turnover for the year to March 31 from £12.6m to £14.3m but pretax profits slid from £1m to £806,000. Earnings a share were 6.58p against 8.47p and the dividend was 3.7p against 3.35p gross.

The board says that the Middle Eastern and Australian ventures are now proving worthwhile, but the American corporation will not be truly successful, despite the action being taken, until the economic situation in the US improves. At home the recession is having a marked effect upon the engineering company and Durapipe is experiencing a downturn in demand.

## Whattings turns loss into profit

Over the six months to March 31, Whattings turned a loss of £280,000 into a pretax profit of £99,000, on turnover of £1,912m against £840m. Earnings a share were 1.17p against 3.35p.

The year as a whole will result in a record turnover, which is partly due to the high rate of inflation, the board says. Government statements regarding lack of growth and cuts in public expenditure continue to depress margins and make the future workload uncertain.

Nevertheless, the directors are confident that there will be a further improvement on the position now reported.

## Flexello profit more than halved

Turnover of Flexello Castors and Wheels inched ahead to £5m for the half year to March 31, but pretax profits were more than halved from £450,000 to £170,000. However, the interim is held at 2p gross. Due to a change in accounting for depreciation, the pretax profit has been increased by £25,000.

There has been a significant reduction in the amount of new business generated in the United Kingdom, and domestic sales were below expectation, although exports were close to target.

Although every effort is being made to improve margins through greater efficiency and cost savings where possible, it would appear that the final profit figure for the year will be substantially less than that achieved in the last financial year, the board says.

## Agricultural Mortgage issue

Agricultural Mortgage Corporation plans to issue £2.5m at 14 1/2 per cent bonds on July 3 at £100 per cent. Interest, less tax, will be payable on December 27 at £7.3125 per cent and on July 3, 1981 at £7.5525 per cent.

The bonds will be redeemed at par on July 3 next year and are secured by a supplementary trust deed in favour of the Whitehall Trust and Bank equally with the existing issues of debenture stock and bonds.

## J &amp; H B Jackson climbs to £1.8m

On the back of a rise in turnover from £13.4m to £15.4m, J. & H. B. Jackson pushed up profits for the half year to March 31 from £1.5m to £1.8m before tax. Earnings a share were 3.63p against 3.02p and the interim dividend was 1.90p against 0.93p gross.

The second six months will obviously be adversely affected by the downturn in demand for cars, scrap metal and general engineering products, the board says. But in spite of this it expects the group to produce record profits for the year. Profits of £30,000 have been realised in the year to date on sales of quoted investments, against £27,000 for the whole of last year. Quoted investments now held have a value in excess of £5m.

## Countryside moves ahead

Over the six months to March 31, turnover at Countryside Properties rose from £5.4m to £7.75m and pretax profits from £514,000 to £753,000. Earnings a share were 1.17p against 8.2p in the light of present economic conditions the board feels that it would be prudent to hold the interim at 2p.

The board is seriously considering the building up of a property investment portfolio and are looking to the retention of selected commercial properties when built and let. The board warns shareholders that profits for the year may not reach the record level of last year when conditions were more favourable, but it expects the results to be reasonable in the light of the present economic climate.

## Derbyshire mine issue announced

By Michael Prest

Hard on the heels of the public offering of shares in South West Consolidated Minerals came another new British mine, SPO Minerals. About £1.1m is to be raised by placing 1.5m shares at 80p each for a barytes, lead and fluorspar mine in Derbyshire.

The guiding force behind the venture, which is being brought to the market under Rule 163 (2) by Grindlay Brant and Carr Sebag, is Mr Robert Sprinkel, the American entrepreneur who played a major part in rescuing Wheal Jane, the Cornish tin mine.

A further £900,000 is to be raised as lease finance from the International Energy Bank. About 16 per cent of the new shares will be placed with jobbers, the remainder with institutions. It is understood that Mr Sprinkel was especially anxious to place as many shares as possible publicly.

Barytes is a mineral with a very high specific gravity used for preventing blowouts in oil wells by weighting drilling mud. It also has lubrication qualities. SPO, which took its name from the South Pennine Orefield, will refine the ore from old mine dumps in the Pennines and sell it on long-term contracts to North Sea users.

## Mr John Bentley: Tebbitt Group

Contrary to our report of yesterday, we accept that Mr John Bentley, Chairman of the Tebbitt Group, was in no way connected with the successful Barclay Securities companies when, as part of Vavasour, Vavasour crashed during the 1974 property crisis, and that following the disposal of its annuity interests, the Tebbitt Group is no longer loss-making. We apologise to Mr Bentley for his inadvertent error.

## CAPITAL SPENDING

Figures published yesterday by the Department of Industry for the fixed capital expenditure of manufacturing, distributing and services for the increase in the value of stocks all seasonally adjusted at 1975 prices.

	Investment	Inv.	Total
	£m	£m	£m
1978	8,562	3,853	895
1979	9,084	3,858	784
1978 Q1	2,108	946	191
Q2	2,180	970	233
Q3	2,129	966	268
Q4	2,170	971	203
1979 Q1	2,185	974	187
Q2	2,297	948	364
Q3	2,311	978	184
Q4	2,282	988	50
1980 Q1	2,271	925	644

## Bank Base Rates

ABN Bank	17 1/2
Barclays Bank	17 1/2
BCCI Bank	17 1/2
Consolidated Crdts	17 1/2
C. Hoare & Co.	17 1/2
Lloyds Bank	17 1/2
London Mercantile	17 1/2
Midland Bank	17 1/2
Nat Westminster	17 1/2
Rosenstein	17 1/2
TSB	17 1/2
Williams & Glyn's	17 1/2

\* 2 day deposit on overdraft £10,000 and under £10,000 at 15% p.a.

## Lean times at Shaw Carpets

By Our Financial Staff

Shaw Carpets, currently caught in the tangle of cheap United States imports, high interest rates and a strong pound, pleaded the stock market yesterday with better-than-expected profits.

Warning signals of lean times for the carpet industry culminated in the group's share price dropping to a new low for the year on Tuesday. Last night the price firmed to 36p as the group reported a 36 per cent profit drop, an 11.8 per cent jump in sales and a maintained dividend.

Mr James Hartley, chairman, says that the performance at his Yorkshire-based plain and patterned tufted carpets group has continued to be "satisfactory" if below the expectation held at the start of the year.

Profits dropped from £1.64m to just over £1m on a turnover

up from £30.8m to £34.5m. Direct exports dropped from £6.9m to £4.5m. The total gross dividend is unchanged at 2.857p with a 2.142p final.

Mr Hartley said in a statement that the United Kingdom market is badly affected by record United Kingdom interest and mortgage rates. The high mortgage rates are causing a marked downturn in house buying, which is an important factor in the demand for carpets, he said. "However, the most critical situation facing the industry is the competitive position of the United States carpet industry," he said.

The United States industry benefits significantly from controlled prices for domestically produced oil and natural gas, from which virtually all textiles, and carpets are

derived. "This situation is seriously affecting the United Kingdom carpet industry, which is having to compete with the unfairly based competition from United States imports both in the United Kingdom and in its traditional export markets such as Australia, Canada and the Middle East."

Mr Hartley says Shaw continues to increase productivity, and its share of the United Kingdom carpet market, helped considerably by the group's computer-controlled Milliflon carpet patterning machinery commissioned in 1977.

That machine has allowed the company, says Mr Hartley, to develop into high quality carpet ranges which were previously the preserve of woven producers.

## New offer for City Investing

City Investing Co said yesterday in New York that it had received a new offer to be acquired by a subsidiary of Tamco Enterprises for \$32.50 a share.

It said the new purchase price assumed conversion of all of City Investing's outstanding convertible securities.

City Investing previously rejected a Tamco offer of \$30 a share.

The new Tamco offer stated that it was subject to endorse-

## International

ment of the transaction by City Investing's board and the execution of mutually satisfactory acquisition documents.

Tamco said the transaction would also be subject to receipt of all required government and shareholder approvals, a satisfactory review of City Investing

by Tamco, and other conditions, according to City Investing.

The completion of the transaction would also be subject to the receipt of "firm financing" commitments on acceptable terms in amounts sufficient to effect the transaction at the proposed purchase price, City Investing said, quoting Tamco. Mr George T. Schaffenberg, City Investing's chairman, said the company's board would study the Tamco offer. The board is next scheduled to meet on July 23.

## Nissin Spinning

Nissin Spinning, the Japanese textile company, reported parent company net profits of £120m (£120m) in the year to April 25, an increase of 11.9 per cent from the previous year.

Sales rose by 17.8 per cent to 149,500m yen. The year-end dividend payment was 3.5 yen against 4 yen last year.

## Blue Circle bid

Blue Circle Southern Cement is proceeding with its offer for the remaining 2.7m shares of Perth-based Swan Portland Cement, not already held by the company.

At present, BCSC, the Australia-based subsidiary of British Blue Circle Industries, holds 3.57m shares, totalling 56.7 per cent of the issued share capital of Swan Portland.

The terms of the offer are one BCSC share plus 95 cents in cash or A\$1.95 in cash for each Swan Portland share. The offer is conditional on acceptances in respect of 90 per cent of the shares being received from at least three-quarters of Swan Portland shareholders.

## Mannesmann up 2pc

Mannesmann group turnover in the first five months of 1980 was DM4,600m (£1,130m), up 1 per cent from the year-ago figure. Herr Egmont Overbeck, the management board chairman, told the annual meeting.

Group results in the first five months were still unfavourably affected by the under-utilisation of capacity and inadequate earnings from its pipe plants, Herr Overbeck said.

## General Tire slumps

General Tire and Rubber reported net profits for the second quarter, to May 31, of \$6.9m, or 29 cents a share, against \$32.8m, or \$1.39 a share, for the same period a year ago.

Sales fell to \$529.9m from \$604.7m a year earlier.

The second quarter profits include an additional income tax benefit of \$6m because of a change in the company's estimated annual effective income

tax rate, which is computed quarterly. The first half loss was \$4.4m, against net profits of \$45.3m for the first half a year earlier. Sales for the six months slipped to \$1,040m from \$1,120m in 1978-79.

General Tire blamed the continuing effects of unfavourable economic conditions, the depressed automotive industry and increased manufacturing costs for its lower profits in the quarter.

## US health group takeover

Hospital Corp of America said it had agreed to acquire General Health Services for about \$90m cash.

Under the agreement Hospital Corp will pay \$3 a share for about 31 million General Health shares assuming conversion of certain debentures.

General Health operates seven hospitals with 1,300 beds.

Hospital Corp operates 158 hospitals with about 24,000 beds.

Hospital Corp said completion of the acquisition was subject to various regulatory requirements, including the approval by a majority of General Health Service stockholders.

## CFP lifts interim dividend

CIFP said yesterday that, first half group profits should total about half of the 2,400m francs (£253m) profits, excluding stock repurchase, realised for the whole of 1979, M. Rene Granier de Lilliac, the chairman, told a shareholders' meeting.

However, he said, it was too early to forecast results for the whole of 1980.

The company would maintain its efforts to retain access to

sufficient resources from its traditional suppliers while continuing to increase its mining acreage in new zones, he said. At the same time, it was significantly developing interests in coal, uranium and solar energy.

The investments for 1980 would be about 6,000m francs, he said.

An interim dividend of 15 francs was announced, against 10 francs for the first half of 1979-79.

## BASF forecasts higher turnover

BASF, the West German chemicals group, expects group turnover in the first half of 1980 to rise by 13 per cent to DM14,200m (£3,500m) from DM12,600m in the same period a year ago. Herr Matthias Seefelder, the management board chairman, told the annual meeting.

Parent company turnover is expected to rise by 17 per cent to DM6,300m in the first half, from DM5,800m, Herr Seefelder said.

He said the rises were due to relatively high growth in the first quarter, but noted that sales on a volume basis were now below the level of a year ago.

Herr Seefelder said the higher turnover resulted entirely from

higher prices, adding that unit sales were lower, indicating a decline in the West German economy.

Incoming orders were also declining, as buyers seemed uncertain about economic developments, he said. He also cited the difficulty arising from recessionary tendencies, especially in the United States.

## Business appointments

## Bankers' association chooses new president

Sir Eric Faulkner is to become president of the British Bankers' Association. He takes over from Lord O'Brien of Leinster. The two vice-presidents of the association are Sir Jeremy Morse and Mr John F. Baring, chairman of the London Clearing Bank, and of the Accepting Houses Committee. Mr Eric L. Baxby, commercial director of the British Aerospace Dynamics Group has been elected president of The Society of British Aerospace Companies. He succeeds Sir Basil D. Blackwell, vice-chairman and chief executive of the Westland Group of Companies who has become deputy president.

Sir Monty Flannery has been re-elected president of the Institute of Management Sciences. Mr Harold Williams, the chairman, and Mr Philip Butcher, the

treasurer, were also re-elected. The new deputy chairman is Mr Bob Bayley. Newman has been appointed to the newly-created post of treasurer at Consolidated Gold Fields. Mr Norrie Bowen has become deputy chief executive of Hill Samuel Life and Investment Management. Mr A. Simmonds, the chairman of Leyland Paint & Wallpaper has been appointed executive chairman of J. F. Nash Securities. The managing directors of two of the group's principal subsidiaries, Mr David J. Harris of Barrypak and Mr Ritchie L. Spencer of the Reliant Motor Company have joined the board of the parent company.

## M. J. H. Nightingale &amp; Co. Limited

27/28 Loyal Lane London EC3R 8EB Telephone 01-621 1212

## The Over-the-Counter Market

99	59	Airsprung Group	63	—	6.7	10.6	—	3.7
30	26	Armitage & Rhodes	30	—	3.8	7.7	—	3.0
25	135	Bardon Hill	20	—	13.8	4.9	—	8.3
00	78	County Crd Pref	78	—	15.3	19.6	—	—
01	63	Dorabrd Ord	92	—	5.0	5.4	—	10.1
25	88	Frank Horsell	117	—	7.9	6.7	—	7.3
29	90	Frederick Parker	90	—	12.8	14.2	—	4.1
46	100	George Blair	101	—	16.5	16.3	—	3.0
40	45	Jackson Group	80	—	6.0	7.5	—	9.1
3	103	James Burroughs	112	—	31.3	7.1	—	9.6
0	242	Robert Jenkins	300	—	15.1	10.4	—	9.9
2	175	Torday Limited	220	—	15.1	6.9	—	3.7
4	111	Twinkl Ord	151	—	—	—	—	—
1	70	Twinkl 12 1/2 ULS	76	—	12.0	15.8	—	—
1	23	Unilock Holdings	48	—	2.6	5.6	—	10.2
1	45	Unilock Holdings New	46	—	—	—	—	9.8
1	42	Walter Alexander	55	—	4.4	4.6	—	6.3
7	136	W. S. Yeates	217	—	12.1	5.6	—	3.2



## Commodities

1979 80		1978 79			
High	Low	High	Low		
Yield	Offer Trust	Yield	Offer Trust		
<b>Authorized Unit Trusts</b>					
Address Unit Trust Managers:					
72-50 Flushing Rd., Astoria, N.Y. 11501					
59.2	47.1	American Growth	49.3	33.9	2.80
59.1	33.1	Capital	79.7	41.9	6.00
56.4	44.0	General	40.4	43.8	8.75

	Hid	Low	Bid	Offer	Vide
E. F. Wheeler Fund Mgt. Ltd.					
19.6	18.1	Gt Winchester	27.8	28.6	7.64
21.0	19.6	Dn Overseas	20.9	21.0	4.75
Equity & Low Unit Trust Managers Ltd.					
mercham Rd. H Wycombe, Bucks.					0.81 32.15
136.8	32.5	Equity & Law	79.4	73.5	8.13

[illegible]

**Gold**  
Gold (hard am. \$625.25-oz ounce spm. \$624.50  
close, \$623.50.  
Nugget and spe. colr: \$640-645; 1274-275.35.  
Am. prodns (Feb.): \$137-139 (167-89).

[illegible]

**Gold** Gold fixed ann. \$697.05 per ounce; p.m. \$624.50  
close: \$623.50.  
Augurrand (per oz.): \$642-643; \$278-279.5;  
\$61 prices (Feb.): \$137-137.5 (\$7-7.5).

**Gold**  
Gold fixed am. 3627.25 an ounce; price close, 3627.50.  
Kruggerand (per color): 3642-645; 22K: 3642-645; 18K: 3642-645; 14K: 3642-645.  
Silver (per ounce): 31.57-31.59; 16K: 31.57-31.59.

## Euro-\$ Depos

**Gold**  
Gold fixed ann. 9527.25/ann ounce open, \$424.50  
close, \$423.50.  
Kruggerand 1000 coins: \$442-445; 2274-275.34.  
500 coins (open): \$137-139; 167-169.

**Euro-\$ Depos**  
... 100% fixed, 100% cash, 100% cash.  
... 100% fixed, 100% cash, 100% cash.  
... 100% fixed, 100% cash, 100% cash.

Kruggerand per coin: 3642-643; 2274-273.34.  
 Sovereigns (new): 5137-139; (67-79).

Figure 1. Schematic diagram of the experimental setup. The subject is seated in a chair and views the target through a video camera. The target is a light source that is controlled by a computer. The subject's hand is positioned on a horizontal surface. The distance between the hand and the target is 10 cm. The subject is instructed to move the hand towards the target. The video camera records the hand's position and the target's position. The computer calculates the distance between the hand and the target and displays it on a screen. The subject is instructed to move the hand towards the target until the distance is 0 cm.

[illegible]















## Motoring

### How Japan halved its road deaths

Japan has produced some remarkable motoring statistics, and not the least is that only half as many people are killed on the roads now as 10 years ago.

Road casualties fell everywhere after the oil crisis of 1973-74, but in most countries it proved to be a temporary phenomenon, caused by motorists driving less, and more carefully, under the threat of petrol rationing. As the threat receded the figures began rising again.

In Japan, however, the reduction has been much greater and longer sustained. If the oil crisis was a factor, it cannot have been the only one. There are, in fact, a number of possible explanations.

Road deaths in Japan rose steadily during the 1950s and 1960s, reaching a peak of 16,765 in 1970. Japan had one of the highest casualty rates in relation to vehicles on the road of any developed country.

There seemed to be two main reasons. The first was a sharp increase in the numbers of vehicles, from half a million to more than 17 million between 1956 and 1970. During that period a high number of new inexperienced drivers came on to the road.

A link was also found after the Second World War between kamikaze pilots and taxi drivers in Tokyo. But so appalling was the standard of driving that they wished for their old jobs back as being less dangerous.

The other factor was that road building had not kept pace with the increase in traffic. Even major roads were of poor quality and, until recently, Japan still had fewer miles of motorway than Britain: and motorways, for the traffic carried, are easily the safest type of road.

The Japanese, in effect, declared this appalling toll a national disgrace. A government traffic safety committee was set up, chaired by the Prime Minister, and it inaugurated five-year plans to reduce accidents.

The first started in 1971 and it was followed by a second which runs out in December. The results have been little less than sensational: by 1978 road deaths had fallen to 8,783, a drop of 47 per cent over the 1970 level, while injuries over the same period fell from 981,000 to 594,000; and all this while the number of vehicles on the road doubled.

A White Paper issued in 1979 gave much of the credit to the development of what it called traffic safety

facilities. It pointed out that the country had 1,700 miles of expressway in 1978 as in 1970, five times as many road signs and four times as many traffic signals.

The roads became steadily better and the motorway programme at last got under way. Some construction was made by better standards of vehicle safety. Judging by the first examples to reach Britain, the typical Japanese car of a decade ago was sufficiently primitive in its handling to catch out the inexperienced driver.

Much emphasis in the five-year plans was put on road safety education, with campaigns aimed particularly at the most vulnerable road users—children, old people and the handicapped. That seems to have paid off, for accidents involving those groups have been steadily decreasing.

Legislation has also played a part. While Britain and several other countries have a legal blood alcohol limit of 80 milligrammes per 100 millilitres, Japan has made it an offence to drive with any alcohol in the blood. In spite of, or perhaps because of, this the number of drink driving offences has continued to rise.

The impressive fall in road casualties has been achieved without resort to a law which many would consider the most obvious: compelling the use of seat belts. In 1971 drivers in Japan were officially advised to wear belts but there were no penalties and no enforcement.



In the Cortina mould—Datsun's new Bluebird coupe

ment. Only 6.6 per cent of drivers complied, and by 1978 the figure was still only 20 per cent (against about 33 per cent in Britain).

In Britain we tend to congratulate ourselves on having one of the better road casualty rates, and deaths last year were the lowest since 1953. But Japan now has a much more impressive record, and the lesson from that country seems to be that progress can be made if there is a national will to do.

#### Datsun Bluebird

Driving a Datsun immediately after an Alfa Romeo made me wonder how two companies with such different philosophies of car design can find themselves converging in a relationship at least as intimate as that of the Alfa Romeo and Datsun are planning to produce

in southern Italy should be one of the motor industry's more interesting conundrums.

Alfa Romeo, particularly with its Alfa Romeo 104, has built up a reputation for technical flair, for producing a driver's car. Datsun (and this is characteristic of the Japanese in general) is in the business of making reliable cars, at the least cost, which tends to mean engineering that is simple, conventional and unadventurous.

On paper the latest Bluebird, a medium saloon in the Ford Cortina mould, seems to represent something of a departure from this norm. It was one of the first Datsuns with independent rear suspension; notably, it has adopted rack and pinion steering, a system widely considered to be more precise than

the conventional ball method used on most Japanese cars.

Curiously, however, neither of these features has produced the expected results. The rear suspension may be independent but the ride quality remains no better than on the Alfa Romeo. And despite the rack and pinion, the Bluebird's steering, still, has that vagueness that tells you the car is definitely not, say, an Alfa Romeo.

To drive, therefore, the new Bluebird does not feel much different from previous versions. The gearbox, like most from Japan, is delightfully crisp, though crispness is not a word which can be applied to handling as a whole. The vague, and low geared, steering combines with underdamped suspension to produce a somewhat soggy feel but the car holds the road well and the adoption of a more direct suspension (planned some years ago by Audi) means less kick back through the steering wheel and more stable braking.

The styling of the latest Bluebird emphasises the comparison with the Cortina. The cars are similar in shape and size and I found myself wandering over to a Cortina in a car park thinking it was the Datsun. Derivative or not, the new bodyshell has produced a welcome improvement in passenger space. Japanese cars are often cramped in the back, this one is a full four-seater, even the coupe model I have been testing, which is more a saloon with two doors than a

coupe in the traditional sense. The back, which, like the lockable parcel cap, can be opened from inside the car, is wide and deep but shallow. To give the coupe a sporting flavour it has been fitted with the most powerful 90 bhp twin carburettor version of the venerable Datsun 1770 cc. overhead-camshaft engine which drives at 60 mph in second gear, top speed nudging 100 mph) is acceptable and the engine quiescent unless extended further than most drivers would want. At 70 mph wind is far more intrusive than mechanical noise. The official figures suggest heavy fuel consumption, but I managed nearly 30 mpg in town and, using the standard five-speed gearbox, 36 mpg on the open road.

The seats are well shaped and now adjust for height as well as rake and reach. The steering column, too, is height adjustable. One disadvantage of the coupe's styling is that thick rear pillars cut down visibility. There is an impressive array of instruments and warning lights and a digital clock that also tells the date. The car looks satisfyingly well finished.

The Bluebird first appeared 21 years ago and, like most cars, it has aged. In the latest version it is difficult to get excited about, there are no serious criticisms. Like its predecessors, it will sell mainly on the price, reliability and an owner's rather than a driver's car. Prices range from £3,990 for the 1.6 litre saloon to £4,598 for the coupe.

Peter Waymark

# CAR BUYER'S GUIDE

**Frank Dale & Stepsons**

1955 Rolls-Royce Phantom II Limousine by Hooper. One titled chauffeur-driver car from new recording only 41,000 miles. In truly immaculate condition throughout. Undoubtedly an unbeatable specimen.

1953 Silver Wraith LWS Special Touring Saloon by Hooper: power steering, 4.8 engine. A very special car equipped with numerous fine detailed fittings. Very rare.

1953 Bentley Continental III convertible by M.P.W. Midnight blue and in exceptional condition.

1952 Phantom VI Limousine by Park Ward. A one-owner car for details of this and a Phantom V Sedan de Villa, please telephone.

1954 Bentley 3.5 Saloon. 5.0 engine with tan hide. Full 1954 features and very well maintained from new.

**ALWAYS 40 CARS IN STOCK**

181 Farm Lane, Fulham, London SW6 1QT  
Telephone: 01-235 8724. Telex: 8892 Ede Dale B.

**YOU ARE INVITED TO THE DATSUN NATIONAL SUNNY FORTNIGHT**

**Special open evening July 3rd**

We can offer you a wide selection of the Datsun Sunny range at prices that will surprise you. For 5 years it has been Britain's best selling imported car and in terms of economy, reliability, and light, easy control—shines!

A wide choice of mouthwatering colours are available in all coupe, estate and saloon models.

So choose at your leisure, and call **DATSON BAKER ST. 457 2611** for a personal invitation.

**S. E. THOMAS & CO. (CHISWICK) LTD.**

1979 CX Peugeot, Injection, C-natic, Aircond, Stereo, 10,000 miles, £12,500.

1979 CX Alfa Romeo, 11,000 miles, £12,500.

1979 V. C. Rover, 6,000 miles, £4,500.

1979 CX Club, 2,500 miles, £2,500.

1980 Vauxhall, 3,000 miles, £2,500.

1980 (Series) Vauxhall, 3,000 miles, £2,500.

1980 (Series) Vauxhall, 3,000 miles, £2,500.

**EXPORT AND LEASING SPECIALISTS**

257/258 Goldhawk Road, W.12, Tel. 01-748 8061.

**DUTTON-FORSHAW MAKE IT AN EVEN BETTER TIME TO GO FOR THE BEST**

New Jaguar and Daimler Saloons and Jaguar XJ-S Sports available for immediate delivery

For further details including contract hire, finance and leasing contact **Hugh D. Duckworth**

**DUTTON-FORSHAW PRESTON LTD.**

CORPORATION STREET, PRESTON, TEL. 0773 54242

**ROLLS-ROYCE & BENTLEY**

**IMMEDIATE DELIVERY**

Rolls-Royce Silver Shadow  
Mercedes-Benz 280E  
Bentley Continental  
Land Rover (petrol & diesel)  
Clarke's Car Sales  
Tel. 01-777 7142  
24-hour answering service

**TEST-DRIVE THE NEW 75 NOW**

At **CHEVROLET**  
01-788 4314

**1970 E-Type Jaguar**

4.2, Mediterranean Blue with pale blue interior. Sunroof, 27,000 miles. Excellent condition. Supporting invoices. £12,500. Will be sold at a price for the collector's item is negotiable.

Tel. 0272 44996 anytime

**RANGE ROVER CUSTOMISED**

1979 V-Reg. White with palamino interior. Matching wood and Pickett dashboard. Steering wheel, wheel arches, running board, Sunroof, Roof, Latest Digital Radio, Centre console, Long range fuel tank. Telephone and many other extras inc. Customised front. One owner. Offers around £14,000.

Tel: 01-903 2389

**LEASING-SALES FAST DELIVERY MOST MODELS TRY US LAST FOR BEST QUOTE**

**546 4551**

**JOHN ASHLEY**

**JP AUTOMOBILES**

**PEUGEOT**

**Roll For Sales, Service, Leasing & Finance.**

**PURLEY WAY CROYDON**

**01-681 2600**

**01-388 5303**

**Mercedes-Benz Park Lane**

450 SBL 1980 (V). 4-door, 1200 cc, 1000 miles, £12,500.

280E 1978 (V). 4-door, 1200 cc, 1000 miles, £12,500.

230 LWS 1980 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1979 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1978 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1977 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1976 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1975 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1974 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1973 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1972 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1971 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1970 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1969 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1968 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1967 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1966 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1965 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1964 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1963 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1962 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1961 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1960 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1959 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1958 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1957 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1956 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1955 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1954 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1953 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1952 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1951 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1950 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1949 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1948 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1947 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1946 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1945 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1944 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1943 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1942 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1941 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1940 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1939 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1938 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1937 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1936 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1935 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1934 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1933 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1932 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1931 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1930 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1929 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1928 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1927 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1926 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1925 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1924 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1923 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1922 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1921 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1920 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1919 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1918 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1917 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1916 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1915 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1914 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1913 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1912 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1911 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1910 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1909 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1908 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1907 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1906 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1905 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1904 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1903 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1902 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1901 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1900 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1899 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1898 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1897 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1896 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1895 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1894 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1893 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1892 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1891 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1890 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1889 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1888 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1887 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1886 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1885 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1884 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1883 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1882 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1881 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1880 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1879 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1878 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1877 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1876 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1875 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1874 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1873 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1872 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1871 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1870 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1869 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1868 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1867 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1866 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1865 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1864 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1863 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1862 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1861 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1860 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1859 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1858 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1857 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1856 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1855 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1854 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1853 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1852 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1851 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1850 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1849 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1848 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1847 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1846 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1845 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1844 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1843 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1842 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1841 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1840 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1839 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1838 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1837 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1836 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1835 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1834 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1833 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1832 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1831 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1830 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1829 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1828 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1827 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1826 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1825 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1824 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1823 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1822 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1821 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1820 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1819 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1818 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1817 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1816 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1815 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1814 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1813 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1812 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1811 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1810 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1809 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1808 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1807 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1806 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1805 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1804 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1803 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1802 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1801 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1800 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1799 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1798 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1797 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1796 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1795 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1794 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1793 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 1792 (V). 4-door, 1200 cc, 1000 miles, £12,500.

250 17







## HOLIDAYS AND VILLAS

[illegible]

... offers that holiday with a difference. Our camp  
... offers the best in  
... a short distance from the beach, offers the best in  
... Camping, enabling you to enjoy your holiday.  
... Travel by luxury modern coach from London to the site.  
... when you are accommodated in the super luxury tents.  
... only a few minutes from Spain and Andorra.  
... For more information telephone 01-353 9901/2.  
INTERNATIONAL CAMPING FRANCE  
4-8 Lodgegate Circus, London, EC4

**GREEK ISLANDS BARGAIN OFFERS**  
**FROM £89**

**CORFU, POROS & CRETE JULY 7 & 8, 14, 15**  
50% reduction on charter costs. Medina special offers  
includes return day night from Gatwick and family run pension  
accommodation.

**CORFU: JULY 7, 8, 14, 15: 1 week £139, 2 weeks £139,  
3 weeks £139.**  
**POROS/AEGINA: JULY 7, 14, 15: 1 week £129, 2 weeks £129,  
3 weeks £129.**  
**CRETE: JULY 8, 14, 15: 1 week £139, 2 weeks £139,  
3 weeks £139.**

Return flight only to Corfu, Aegina, Crete £29 (min. accom 7,  
max 14). Includes TV, air security, but exclude airport taxes and insurance.

**ALL MEDINA HOLIDAYS ARE AT 01 826 4695**

ABTA/ATOL 7788

**CORFU**

**\*E135**

2 weeks, 7 or 14 July de-  
partures, Port-Jack white shering  
holidays for 1 or 2.

**✱E131 B & B Hotel Theodoros.**  
High season availability.  
Includes: easy bar, home  
cooked food.

**C&T MINUTE SUPERSAVERS**  
**NO SURCHARGES**  
**NO HIDDEN EXTRAS**

**CORFIOF HOLIDAYS**  
High St, Bechet, Steogh,  
S23 9EA

Slough 07531 44377  
(13 hrs).

**ACT, ATOL 2308**

**GO FRENCH**  
**— FOR LESS**  
**EVEN HIGH SEASON**

Still some availability during  
August high season in fully  
equipped, comfortable apart-  
ments in France. Special  
offers: 1 bed, 100% off.  
LA BAILLE 3 bed, apt. £163  
per week, 100% off.  
GAILLON 3 bed, apt. £193  
per week, 100% off.  
NIDE 3 bed, apt. £156  
per week, 100% off.  
PORT GRIMAUD 3 bed, apt.  
£156 per week, 100% off.

Use waterfront close sandy  
beach.

**SA TROPEZ 1 bed, apt. £137**  
Close by marina, balcony &  
view.

**✱E132**  
During July 1 bed, cottag-  
es in Brittany, 4 star, 100% off.  
per night. Flight & Lorient  
transferable. English or cat  
terry arranged.

**01-493 2777**

**NERIDIAN HOLIDAYS**  
7 During St. London 1

**LAST-MINUTE GREECE**  
Book today and fly tomorrow!  
If you really can't make  
it, you can still make it  
because we can still  
arrange a last-minute holiday  
for you to Greece. Call  
Grey or Paxos. With special  
airfares, bank arrangements,  
transportation and airport facilities,  
you can have a great vacation  
in Greece. Choose from a superb  
selection of villas and resorts  
with swimming pools, with  
beach, golf, tennis, direct day  
trips from Miami/Orlando to  
Athens. No available? Call  
Grey or Paxos. Or write:  
Grey or Paxos, Inc.

**CORFU VILLAS**  
41. Choral Place,  
Fort Myers, Florida  
42. 797-4444. Home 797-4444  
43. Kudos Travel, Inc., B.N.T.  
44. 01-981-0431  
45. 1-589-0153-20  
46. ABTA, ATOL 5378

**HOLIDAY BARGAINS**  
FOR JUNE & EARLY JULY  
Nis. Nis.

**BY AIR**

**BARCAN FLIGHTS**

Corfu 1:50  
Athens 1:50  
Crete 5:49

For all departures up to 14th  
July, flights practically daily  
from London, Geneva and Man-  
chester. Subject to taxes, sur-  
charges and currency.

Also high season availability.

**VENTURA HOLIDAYS**

125 Alderman St.,  
London, E.C.3  
Tel: 01-252 3500  
Access Barclaycard welcome.

279 South Rd.  
Sheffield S6 5TA  
Tel: 0114-252 3500  
ATOL 11708D

[illegible]

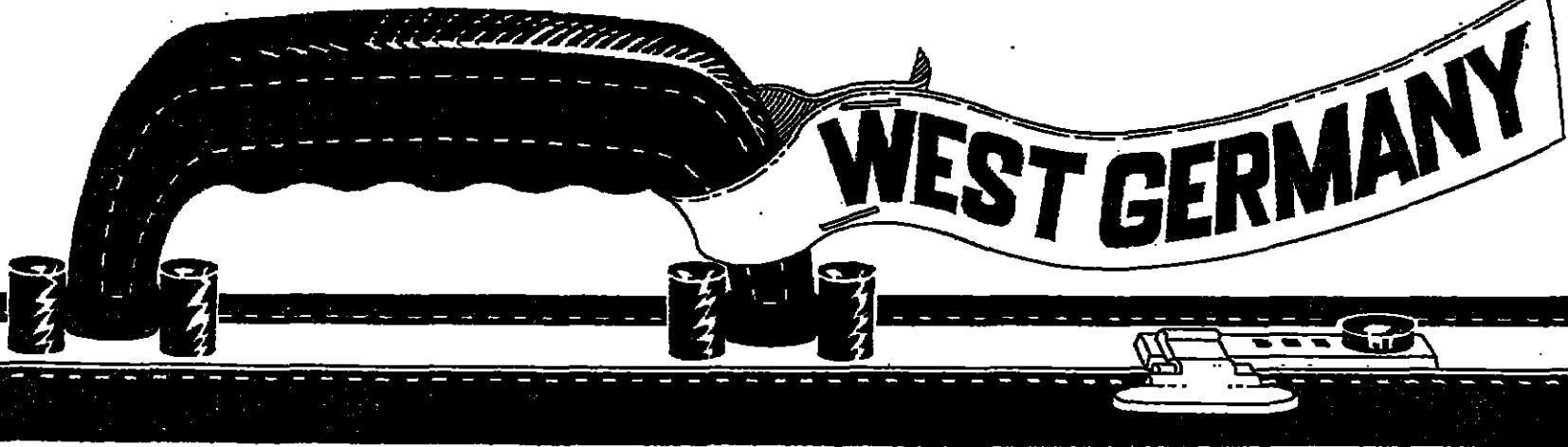
London, S.W.1. (24 HRS.)  
Tel.: 01-750 8796 ATOL 1102B AETA ATOL 101JBCD

[illegible][illegible][illegible]

...the ...



Helmut Schmidt is likely to remain Chancellor as a result of the Bundestag elections of October 5. However, as his reputation has soared abroad, his ability to govern the Germans has declined. This report looks at the political and economic state in a country which has been compared to the successful young man who, in early thirties, ought to be at the height of his powers, but is instead looking ahead with apprehension towards middle age.



## A picture of political and economic stability in an uncertain world

## Not a relaxed society

West Germany quarter of this year, the number of unemployed had fallen to 825,000 in April, or only 3.6 per cent of the working population. The only significant blemish is a large current account balance of payments deficit that is expected to amount to DM25,000m this year, representing a radical turnaround from the performance of previous years, when Germany was noted for its surpluses. But this deficit is still small compared with Germany's reserve position. The past 12 months have been a period of pronounced stability in labour relations. The trade unions, mindful no doubt of the desirability of getting a coalition dominated by Social Democrats back into office, agreed to moderate wage settlements in this year's annual round of wage bargaining.

The 11 years since the Social Democrat-Free Democrat coalition Government first came to office have seen West Germany play a role of growing importance in world affairs. The old description of the Federal Republic as "an economic giant but a political dwarf" clearly no longer applies. Herr Schmidt, when he travels to Moscow next Monday, will be the first Western leader to visit the Soviet Union since the invasion of Afghanistan. He will be travelling to Moscow as the head of a



government that is firmly committed to the North Atlantic Alliance. Germany not only constitutes the front line of NATO's defences in Western Europe but has played an important role in shoring up NATO's southern flank by organizing a major international financial rescue operation for Turkey earlier this year and contributing material for that country's defences. But, as Herr Schmidt's hosts in Moscow will be fully aware, there has over the past few years been an important change in West Germany's relationship with the United States.

President Carter's early insistence on a "moral" approach to international politics squared with neither the personal taste nor political perception of Herr Schmidt. But the cooling of relations with the United States has had a positive side. It has encouraged West Germany to lift its foreign policy horizon. Whereas the Third World was once terra incognita in Bonn, West Germany has, especially since the invasion of Afghanistan, come to value the political importance and the economic problems and potential of the non-aligned states.

Moreover, building on its experiences in Ostpolitik, the Federal Government has been careful to differentiate in its treatment of the Soviet Union and the other states of the Warsaw Pact, arguing that countries like Poland and East Germany have no interest in giving

up the gains made through détente because of the Soviet adventure in Afghanistan. The more questioning attitude evidenced by West Germany in its relations with America may also at last begin to permeate its view of the European Community. For many years the Government in Bonn has been inclined to criticize the obvious wastage of the Common Agricultural Policy but has done very little about it for fear of offending Paris and out of an awareness that the EEC has been one of the pillars of Germany's postwar prosperity.

But now, as the recent EEC summit in Venice showed, Germany's re-emergence as the "paymaster of

Europe" in the wake of the settlement of Britain's EEC budget row seems to have committed Herr Schmidt to a restructuring of the EEC's finances and agricultural policy. The flowering of activity over foreign policy in recent years stands in marked contrast to the growing "stagnation" of the decision-making process at home. It is too often forgotten that West Germany is a federal state. Not only is a considerable amount of power in crucial areas (such as law and order and education) devolved on the 11 federal states, but the fact that a majority of the states are under the control of the Christian Democrat or Christian Social parties has seriously limited the political and financial freedom of the Federal Government in Bonn.

Through their control of a majority of the federal states, the Opposition parties control the Bundesrat, or Federal Upper House, in Bonn.

The Bundesrat is a very powerful body. It has to approve those laws that touch on Land, or federal state, interests, and at the last count, this qualification applied to more than half the legislation passing through the Bundesrat. It also has powers to hold up other legislation, although decisions here can be reversed by the Bundestag.

If Bundestag and Bundesrat cannot reach agreement on any piece of legislation, where the approval of both Houses of Parliament is mandatory, it has to be referred to a mediating committee of both Houses. Although a compromise is normally reached in the committee, often results in the piece of legislation that passed the directly-elected Bundestag being changed out of all recognition by the time it reaches the statute book.

For the past 11 years, the Social Democrat-Free Democrat governments of first Willy Brandt and Walter Scheel and later Helmut Schmidt and Hans-Dietrich Genscher have therefore been subject to several important restraints.

The first has been the need to achieve an agreement between the coalition partners themselves. The second, the representation of the Opposition in the Bundesrat has grown over the years, has been the need with most legislation to reach tacit agreement with the Opposition parties. A third constraint has been imposed by the relatively weak financial position of the Federal Government.

In their wisdom the architects of the West German constitution ordained that the revenues from the two major sources of tax income—income tax and value-added tax—should be shared between the central and federal states. In recent years the financial burdens of the Federal Government have grown at a faster rate than those of the states, leading successive finance ministers in Bonn to press for a restructuring of the income from these taxes. This has given the federal states—and hence in recent years the Opposition—financial leverage over the federal government.

The way in which the German constitution has worked over the past decade probably helps to explain the almost oppressive manner in which attitudes in German politics and the media are geared towards a general agreement.

This, of course, has its virtues and the economic success of Germany over

the past 30 years is a testimony to the absence of a class warfare mentality on the factory floor. But in the political sphere, the emphasis on agreement in parliaments both state and federal (which, incidentally, are alarmingly full of former civil servants) may have contributed to a marked dearth of new ideas. Significantly, the issues of environmental protection and nuclear power, which have had such an impact on German life in the past five years, were not raised in Parliament or in the established political parties, but emerged as political factors through the activities of extra-parliamentary pressure groups.

Today West Germany is facing an appalling problem of growing heroin addiction among young people, but no legislator in Bonn or in the state capitals has risen to meet the challenge or even ask cogently why this should happen in such an affluent and superficially successful society.

Over the past 30 years, West Germany has pulled itself upwards to be the undisputed economic powerhouse of Europe and has, in recent years, assumed an impressive international role. It is an eminently comfortable

place to live and work, where in contrast to neighbouring states both to the east and the west, bureaucracies do not impinge on the individual's freedom, where the standard of living is one of the highest in Western Europe and where the less fortunate are shielded by a comprehensive social security system from the hardships of sickness, unemployment and old age.

Yet West Germany has been compared to the successful young man who, in his early thirties, ought to be at the height of his powers, but is instead looking forward with apprehension towards middle age. Perhaps for this reason, one so often senses an air of dissatisfaction in a country that can show so much that is admirable.

One of the most positive advantages of West Germany's progress from post-war chaos to late twentieth-century affluence has been the disappearance of that pernicious form of class distinction that unhappily persists in Britain. But it would be wrong to jump to the conclusion that the Federal Republic is a relaxed society. Away from the bosom of the family, the average West German, whether he be a bureaucrat or manager, a foreman or a clerk, tends to be a formal animal. Failure to take note of this fact can open up pitfalls for the visiting businessman.

The average Anglo-Saxon, entering a German office for the first time, should not have too much trouble coping with the preliminary hurdle, which is a firm handshake. But while there is much to be said for the handshake as an automatic "ice breaker", it would be wrong to expect informal relations to follow.

For as secretaries, subordinates and superiors flit in and out the visitor will note a marked absence of Christian names. The usual forms of address are Herr and Frau (Mr and Mrs). Herr Doktors are everywhere, just as Frauleins are rare, unmarried women staff either being elevated or promoting themselves to the title of Frau at what is often an alarmingly early age.

Once established, the Herr or Frau so-and-so relationship tends to persist even among office colleagues. Special care should be taken to address a Herr or Frau Doktor by his or her title. After all, because of the leisurely pace of higher education in West Germany, the individual has probably sacrificed many years of what could have been lucrative employment to gain the title.

But in this day and age, beware of addressing all persons above a certain level as Herr Doktor. It is not essential for getting to the top as the careers of

## 1979 Financial Highlights results of a distinguished banking tradition



Head Office Munich

<b>Bayerische Vereinsbank Group</b>	<b>31.12.1979</b>
Total Assets	82,968
Due to Customers and Banks	34,928
Due from Customers	19,991
Bonds Issued in Long Term Loan Sector	43,404
Lendings in Long Term Loan Sector	44,066
Capital Resources	1,999
Consolidated Profit	95
Staff	11,966
Branches	486

For further information please contact:

BAYERISCHE VEREINSBANK (Union Bank of Bavaria) London Branch 40, Moorgate London EC2R 6EL Telephone (01) 626 9066 Telex 8813172/3 bvlv

BAYERISCHE VEREINSBANK Head Office International Division Kardinal-Faulhaber-Strasse 1 D-8000 München 2 Telephone (089) 2132-1 Telex 529921 bvmv SWIFT BVBE DE MM

London, New York, Luxembourg, Paris, Tokyo these are just a few of the financial centres in which BV operates. We are one of Germany's major banks with a tradition dating back to 1780. This is the year in which Margrave Karl Alexander founded the "Hofbank" of Ansbach, later to become Bayerische Staatsbank. In the USA we are known under the name UNION BANK OF BAVARIA with offices in New York, Chicago, Los Angeles, Atlanta and Cleveland.

**BAYERISCHE VEREINSBANK**  
INCORPORATING BAYERISCHE STAATSBANK AG

## "No publicity whatsoever is associated with our trading activities. On the contrary..."

This was how Wilhelm Merion, founder of Metallgesellschaft in Frankfurt, described the style of his Company. A spirit of enterprise, stability, watchful observation of the market and shrewd planning provided even at that date the impetus for the launching of Metallgesellschaft as a worldwide organization for international trading in metals and ores. Today the Frankfurt Company, with its research, mining, smelting, processing, engineering and plant contracting, as well as transport operations, is one of the leading trading concerns in the world.

In the world of today, a good show is no longer performed discreetly, behind the scenes. This also holds good for the trading activities of Metallgesellschaft. Backed by tradition, experience and a considerable financial potential, the experts of Metallgesellschaft are also active at the LME on behalf of the firms of their own Group and of international customers.

Metallgesellschaft AG  
Reuterweg 14, Postbox 3724  
D-6000 Frankfurt am Main 1

Metallgesellschaft Ltd.\*  
19-21 Great Tower Street  
London EC3R 5AQ

Metallgesellschaft AG  
London Trading Branch  
1 Kingsway  
London WC2B 6XF

\* Ring Trading Member of the London Metal Exchange





James Hutchinson takes a detailed look at the role of the trade unions in a country which is still a model of industrial peace

## Workers feel no need to strike

Despite occasional fights between the trade unions and the employers, West Germany is still a model of industrial peace. Unofficial strikes, except for minor demonstrations which entail downing tools for half an hour or so, are almost unknown and official ones are rare.

There is hardly ever any reason to strike. Every employed person knows that, year by year, his income is going to be increased by a fair amount. He also knows that if the economy continues to grow his slice of the cake will become correspondingly bigger, and he is sensible enough to see that good labour relations are a major factor in promoting economic growth.

Moreover, although the constitution guarantees the right to strike (by implication at least), the law is designed to discourage the indiscriminate use of the strike weapon. Wage agreements are usually concluded for a year, and during this period the parties are obliged to keep the peace. Only after the agreement has expired and negotiations for a new one have broken down may strike action be seriously contemplated.

Strike ballots are compulsory and only if at least 75 per cent of union members are in favour may a strike be called. A decision to end a strike is put to the ballot too, but this requires the approval of only half of the members: in some cases of only a third. The breach of pay agreements is illegal, as is the action of any individual in inducing such a breach.

The law does not allow the operation of a closed shop. Indeed, it expressly states that people are free to choose whether or not to join trade unions. Picketing is permissible, but must be confined to oral or written appeals to workers entering or leaving the plant affected by a strike. The use of force or any form of intimidation is not permitted.

On the whole union leaders are satisfied with the system, but some officials complain that it is too hard on those workers, a tiny minority, who might feel compelled to take unofficial action. As things are, an employer may dismiss unofficial strikers or claim damages from them.

Occasionally, of course, West Germany does experience serious industrial disputes, and when that happens fears are usually expressed in the newspapers that the country is suffering from "English sickness".

The longest strike in the history of the federal republic lasted 44 days—in the winter of 1978-79. It involved some 100,000 workers in some of the country's main iron and steel producing plants.

The strike was in no way the success the union, IG Metall, had sought, and it put paid, at least for the time being, to serious trade union pressures for a red-



The labour force knows that if the economy grows its slice of the cake will be bigger. The labour force knows that if the economy grows its slice of the cake will be bigger.

vided for numerically equal representation of shareholders and workers on the supervisory boards of all firms employing at least 2,000 people.

German companies have a three-tier system of control—the shareholders elect the chairman and directors, the board of management, and at the top, the supervisory board. This body determines the overall policy of the company, and sees that it is carried out.

Since 1951 there has been parity representation on the supervisory boards of firms in the coal and steel industries, but until the new law was passed workers' representatives comprised only the autumn of 1977, they decided to take the law to the Federal Constitutional Court.

The court, in a judgment in March last year, ruled that the law did not violate the Constitution. However, the unions gave only two cheers to the judgment, for the court made it clear that codetermination had gone far enough.

Trade union leaders expressed about codetermination in the supervisory board room, but it has never been an issue which has aroused much interest among rank and file union members. They care more about codetermination on the shopfloor, exercise by the works councils. It is where the concept of partnership is really put to the test.

The unions would have preferred the system applying in the coal and steel industries to be extended without essential amendment to industry generally. But the new law is a compromise between the Social Democrats, senior partners in the Federal Government coalition, and the small Free Democratic or Liberal Party. It cannot be described as genuine, parity codetermination.

At the insistence of the Free Democrats, the workers' representatives must include a senior executive of the company, a precaution which is heartily disliked by the trade unions. There are other test.

## Postwar reforms set a new pattern

The structure of the West German trade union movement is simple and efficient. Of the 24 million employees in the Federal Republic, about 8,500,000 belong to trade unions and all but about 800,000 of these are members of one of the 17 unions within the Deutscher Gewerkschaftsbund, the German trade union federation, commonly known as the DGB.

There have been workers' associations in Germany since 1848, the year of the abortive German Revolution, but unions were banned at Bismarck's instigation in 1878—together with the Socialist and Social Democratic parties—and remained prohibited until after his resignation in 1890. In the Weimar Republic there were as many as 60 trade unions, almost all of them tied to political parties and factions. They were dissolved by Hitler in 1933, and replaced by the heel-clicking Labour Front.

After the war the union movement reformed itself in a completely new pattern, devised by a handful of surviving capable leaders with the encouragement and help of the Allied occupation authorities, particularly the British. In addition to the DGB unions, there is one big union—the DAG—representing 300,000 white-collar workers. There is also a small organization of Christian trade unionists, with about 250,000 members, and the country's 800,000 established public and civil servants, who by law cannot strike, have their own separate association.

When the DGB was founded in 1949 it announced that its aim was to contribute to the creation of a social democracy. The unions regard themselves as a pillar of the democratic

system. They entertain no dreams of revolution, and in contrast to other Western countries where the unions are directly connected with a political party the trade union movement in West Germany is not part of the Social Democratic Party. But it is politically closer to the Christian Democrats than to the Social Democrats, without officially helping or financially supporting the SPD.

Ever since the nineteenth century the line followed by employers and government on the one hand and workers on the other has been different from that pursued in other countries. Bismarck was quick to perceive the necessity to grant social reforms rather than have them extorted from him, and his successors have followed the same policy. The big German industrialists realized that their own power ought to bring with it some advantage for their employees, and thanks to these ideas German workers were among the first to enjoy substantial measures of social security and better working and living conditions. So they grew accustomed to being given rather than fighting for what they needed.

The DGB carries considerable political weight. All the Social Democratic ministers in the Federal Government are union members. Herr Helmut Schmidt, the Chancellor, belongs to the Public Services Union, OTV, and so are almost all the SPD deputies in the Bundestag. The unions are wealthy and own a great deal of property, including a bank and a social welfare housing concern and their headquarters are well staffed with economists, sociologists and other specialists.

There is no closed shop in West Germany and the degree of union membership may vary not only from industry to industry, but also from firm to firm. About 90 per cent of miners belong to their trade union, and the engineering industry also has a high proportion of union members. Ford in Cologne has about 90 per cent, although Siemens in West Berlin, a firm which is still considered to be a family concern, has only about 30 per cent of its labour force unionized. Employers in West Germany have only one union to deal with. Employees are grouped together according to where they work and not according to their occupation.

Thus a mechanic who works in a paper factory does not belong to the engineering union, but to the union representing workers in the paper-making industry. This system greatly simplifies wage negotiations, and makes it easier to find a compromise.

Two main organizations represent the employers' interests—the Federation of Employers' Associations (BDI) and the big Federation of German Industry (BDI), both based in Cologne. Like the unions, they have substantial branches in the Länder or states and employ an impressive array of specialists. Free collective bargaining is a sacred cow in West Germany, and to ensure a fair fight, though successive governments drop hints as to what the Federal Labour Court size of wage increases the on June 10—did not do—no the lock-out to be illegal.

The government has devoted to it laid-down safeguards against its indiscriminate use. For instance, if a "concerted action" calls out 25 per cent of members in a certain economic institute, employers and trade unions, which became a feature of the successful annual industrial

## Productivity in international finance.

Landesbank Stuttgart is headquartered in the heart of Baden-Württemberg, one of West Germany's most prosperous states noted for innovative achievements such as the Stuttgart television tower, the first of its kind in the world.

Productivity is the cornerstone of our banking philosophy. It has made us one of southern Germany's leading banks, with a comprehensive range of commercial and investment banking facilities and assets of over DM 24 billion.

Combining domestic strength with presence in the key Euromarket centers of Europe, Landesbank Stuttgart is a reliable partner in international finance. With a full-service subsidiary in London and a wholly-owned subsidiary in Luxembourg, we have the capabilities and flexibility to meet the

financial requirements of a growing international clientele.

Landesbank Stuttgart is a government-backed regional bank authorized to issue own bearer bonds. We are part of Germany's vast savings banks network, and act as liquidity manager for the Sparkassen of Württemberg.

For a banking partner whose first priority is productivity, just contact Landesbank Stuttgart.

Stuttgart Head Office  
Lautenschlagerstr. 2, D-7000 Stuttgart  
Telephone: (711) 20 49-1, Telex: 722 702

London Branch  
72 Basinghall St., London EC2V 5AJ  
Tel.: 01-606 3651, Telex: 881 4275 LBS LON

Luxembourg Subsidiary  
Landesbank Stuttgart International SA  
1, Place d'Armes, Tel.: 41884, Telex: 3551

**Landesbank Stuttgart**

Württembergische Landesbank, Sitz in Stuttgart

Where money is productive

Imagination fuels the flights of tomorrow.

**Dresdner Bank**  
Bank with imagination

Dresdner Bank - One of the ten leading banks in the world.  
Dresdner Bank AG, Head Office: 1, Jülicher Platz, Frankfurt/Main, Tel. 2631,  
Telex: 41230 Federal Republic of Germany - London Branch: 8, Finsbury Square,  
London EC2R 2BA, Tel.: 01-606 7030, Telex: 8 95 540.

سكوت الاحل



## WEST GERMANY

Barry Dale describes the complex tax system and the high cost to the employer of social security

## State gathers up money lost in the jungle

West German businessmen running small to medium-sized concerns complain, like their counterparts throughout the world, about the burden of tax they bear. However, few would go as far as to say their existence is threatened by their fiscal burden.

A far more frequent complaint concerns the complexity of the country's tax laws, which mean that even a self-employed person in a one-man operation needs to retain an accountant. Moreover, the labyrinth of tax laws, small businessmen feel, often hides anomalies which discriminate against them more than they do against large joint-stock companies.

By far the largest complaint is *Einkommensteuer*, which translates quite literally as income tax, but which includes *Lohnsteuer* (wages tax), and *Körperschaftsteuer* (corporation tax). A sweeping reform of this wide-ranging income tax was made in 1975, but it was not necessarily to the benefit of small to medium-sized businesses. In fact, the *Institut für Mittelstandsforschung*, based in Bonn, which represents the interests of small businessmen, feels it hit the middle-range companies harder than the big earners.

One aim of the reform was to iron out anomalies of tax progression after years in which no allowance had been made for inflation. Since rises in Germany in recent years have been rather modest, but not negligible.

The *Institut für Wirtschaftsforschung* (Economic Research Institute) in Munich points out that no adjustment was made to tax-free allowances. Tax progression between 1965 and 1974, so that a businessman whose earnings rose at no more than the annual rate of inflation still found himself pushed into a higher tax bracket.

The institute suggests that taxation of income tax to 40 per cent of *Einkommensteuer*. Its trading capital component moreover, is an additional property tax. Worst of all *Der Steuerzahler* says, this tax takes no account of a company's strength and must be paid whatever the level of profits, and, indeed, even if a loss is made.

For the self-employed businessman, working alone in a small staff, there are additional problems of providing for ill-health and

for a retirement pension, and *Der Steuerzahler* emphasizes that even contributions to state health and pension schemes cannot be offset against tax, since the state regards them as "application of income". This is a false premise, it says, since the income is applied only when the businessman is sick or retires.

Of course, the German state does allow deductions for justified expenses from the overall tax burden, but for the small enterprise, where a hard-pressed self-employed man may not have the time or knowledge to study all the rules, it is difficult to take full advantage of these concessions.

The problems of value-added tax, where the businessman has to act both as collector and payer, are much

the same as in Britain, and serve to make life all the more complicated.

For Germans, too, the jungle of tax paragraphs is dense and almost impenetrable. The Association of Hesse Taxpayers in Wiesbaden, which provides a tax advisory system to subscribers, said that even an expert in fiscal matters has difficulty finding his way through this jungle, and it is the state that benefits to the extent of between 2,000m and 4,000m marks a year in revenue that need never have been paid.

It is not advisable to pray for relief: the archaic and much-criticized *Kirchensteuer* (church tax) is still levied by the Roman Catholic and Lutheran Churches, and amounts to about 9 per cent of income.

## Poverty ousted—at a price

West Germany's postwar prosperity has been built up on the social market economy (*Soziale Marktwirtschaft*), with the market providing the dynamism for rapid growth, and generous social security provisions assisting those who cannot keep up with the rat race.

Although the burden of taxes and social security payments may not be as heavy as in Scandinavian countries, and the protection afforded from the cradle to the grave may not be so cosseting, a real hardship has been almost eliminated in the German Federal Republic—at a price.

Businesses building up their operations and wishing to take on new staff must only have to consider the salary they must offer to lure the right people, but also the additional weight of employer contributions to state-regulated schemes, and other little perks which are left to the boss's discretion, but which German workers come to expect.

A spokesman for a Frankfurt firm employing just over 100 said: "When we started with about one dozen staff, we used to dip into petty cash to buy ourselves coffee for the morning and afternoon break. You cannot just drop a privilege like that, and now providing coffee for half-a-dozen different departments costs us several thousand marks a year."

He added: "Inevitably we also had to install a canteen as the firm grew, and although this is supposed to be self-supporting, in practice it requires a subsidy."

In a small firm, little extras which add up to large overheads are expected more than in large concerns, where the hours tend to be more regular and the size of the company alone provides workers with a feeling of security.

The Frankfurt firm, like others of its size, is obliged by law to have a works council consisting of five members of staff (*Betriebsrat*), and the law also states that they must be provided with a suitable conference room and be allowed to meet within working hours.

Other bonuses on top of pay, offered voluntarily by most West German firms, include an annual Christmas party, and in some companies a farewell party for departing colleagues may be arranged and the bill sent to the accounts department.

"Such expenses are tax deductible up to a point," the spokesman for the Frankfurt firm said. "The point being 50 marks per staff member a year, it is difficult to estimate the cost of such extras, but it is probably on average nearer 500 marks."

A far heavier burden to be borne by all companies large and small in West Germany is the employer's contribution to state welfare schemes.

Employers are obliged to pay 50 per cent of contributions to the national health insurance scheme (*Krankenversicherung*), old age pension (*Renteversicherung*), and unemployment fund (*Arbeitslosenunterstützung*).

A spokesman for a publishing house in Hamburg with a staff of 100 said these three schemes alone cost a total of about 700 marks (£170) a month, of which the employer has to meet 350 marks. With an average salary in the firm of about 2,500 marks (£580) that means an extra 10 per cent on top of the wage bill.

Another benefit for staff in his firm, as for many others in Germany, is the voluntary payment of the thirteenth monthly salary every year in the form of a Christmas bonus and a holiday bonus on top of the normal five weeks' paid holiday.

The holiday bonus is

generally about half a month's pay, which means average monthly pay is in effect nearer 4,000 marks (£975) a month.

When recruiting new staff, I find the first question they usually ask is about these bonuses, especially Christmas and holiday pay," he said.

Sickness and pregnancy among staff are two more imponderables that swell the overall wage bill, since German law requires firms to continue paying full salary (*Lohnfortzahlung*) to staff members who fall sick for six weeks, after which time the National Health Service takes over.

"An expectant mother is allowed six weeks off before the birth is due and must be paid for a further six weeks after the birth, whether she intends to return to the company or not," the spokesman said. A father-to-be is also given three days off with full pay.

If members of a firm belong to a professional association of a voluntary kind, the employer is expected to make a contribution towards subscriptions. Staff at the Hamburg Publishing House can join the *Versorgungswerk der Presse*, which protects them financially in the case of redundancy. The spokesman said that this adds a further 75 to 100 marks to the monthly wage bill.

German industry, large and small, has been able to cope with the high cost of tax and social security payments largely because it has been on a strongly expansive course for 30 years.

But the onset of a recession could quickly make many smaller firms go to the wall, since shedding staff is far more difficult in West Germany than recruiting new blood.

The chief accountant of a Frankfurt firm pointed out that it is extremely difficult to lay off workers unless they are guilty of a dire breach of regulations. Every case must be presented to the works council, and with the emergence of codetermination laws in the past 10 years under the Social Democratic Government, job safety is likely to increase.

"Repeated lateness, slacking and inefficient working are rarely grounds for dismissal," he said. "Only if he is caught dipping his hand into the till do we have a clear case for sacking him."

## Not a relaxed society

continued from page 1

Flowers, chocolates, and Sekt (champagne), and little speeches, all emphatic in their use of the word *Frau* so-and-so forms, are after all a pleasant enough way of whiling away the time, and in those parts of the country that celebrate carnival or *Fasching*, keep the party mood ticking over in preparation for the big annual feast.

If there is any class distinction in Germany, it is between those who celebrate carnival and those who do not. In those areas of the country like the Rhineland or Bavaria, where carnival is taken seriously, there is no way in which it can be kept out of the office.

Normally sober-suited gentlemen will appear in extraordinary wigs one day and with hangers on the next. In the Rhineland on the Thursday before Ash Wednesday usually modest secretaries are transformed into screaming banshees, who storm through offices, attacking all males on sight, irrespective of status, and cutting off their ties.

And when it is all over? Well it is back to Herr and Frau so-and-so and Doktor this-and-that for another year.

Peter Norman

## "Hairy" cargo problems smoothly solved.



It is no coincidence that "Hamburg Service" has become a household expression in the world of shipping. Experts with special know-how and a comprehensive range of services for every conceivable special requirement help us solve your problems smoothly and reliably, around the clock.

He is around in your neighbourhood, too. A reliable and expert representative of the Port of Hamburg, ready to give you special advice, planning support and full information. Contact him today.

## Port of Hamburg

The Representative: Maittenweide 2, 2000 Hamburg 11, Tel. 040/362811-18

Local Representatives:

North Germany

Tel. 040/362811-18

Düsseldorf

Tel. 0211/482064/65

Frankfurt

Tel. 0611/749007

Stuttgart

Tel. 0711/56148/49

Munich

Tel. 089/186097

West Berlin, GDR, CSSR

Tel. 040/365628

Varna

Tel. 0222/725484

Budapest

Tel. 319768

New York

Tel. (212) 758-4551/52

Tokyo

Tel. 03-503-5031

## MESSEPLATZ MÜNCHEN

Capture the Market and Let Munich Capture You

### DATES AUTUMN 1980

ISPO 80 — Autumn — 13th International Sports Equipment Fair

19 - 24 September

IKOFA 80 — 13th International Trade Fair of the Food Industry

5 - 9 October

42nd MODE-WOCHE-MÜNCHEN International Fashion Fair

6 - 12 November

ELECTRONICA 80 — 8th International Trade Fair for Components and Assemblies in Electronics

22 - 28 November

HEIM + HANDWERK '80 Handicrafts in the Domestic Sphere with Special Shows and Technical Displays by the different Handicrafts Branches

### DATES SPRING 1981

CARAVAN — BOOT — INTERNATIONALER REISEMARKT

12th International Exhibition for Caravans, Boats, Travel and Vacation

14 - 17 February

INHORGENTA 81 — 8th International Trade Fair for Watches, Clocks, Jewellery, Precious Stones and Jewellery with their Manufacturing Equipment

26 February - 1 March

ISPO 81 — Spring — 14th International Sports Equipment Fair

14 - 22 March

IHM — 33rd International Light Industries and Handicrafts Fair — The Fair for small and medium-sized Enterprises

29 March - 2 April

43rd MODE-WOCHE-MÜNCHEN International Fashion Fair

April 1981

98th Congress of the German Surgical Society with Information Show

5 - 8 May

BORO — 11th Exhibition Office Machines, Office Furniture, Drawing Techniques, Organizational Methods

9 - 10 May

COSMETICS 81 — 2nd International Trade Fair for Cosmetics, Health and Beauty Care

19 - 22 May

INTERHOSPITAL — International Hospital Exhibition and 11th German Hospital Meeting

1 - 4 June

LASER 81 OPTO-ELEKTRONIK

5th International Congress and Trade Fair

23 - 27 June

IFAT — 6th International Trade Fair for Waste Treatment and Disposal: Sewage — Refuse — City Cleaning — Winter Service with 5th European Symposium EAS

### INFORMATION

Münchener Messe- und Ausstellungsgesellschaft mbH  
Messeplätze, P.O.B. 12 10 09, D-8000 München 12,  
Federal Republic of Germany, telephone (089) 51 07-1,  
telex 5 212 036 ameg d

\* Only for trade buyers



## Driving force

What car were you driving in 1967? That was the year Bayer built the experimental K67 — 90% of its body weight was made up of chemical materials. Today, cars like the Ford RS2000, Porsche 928, Rover 3500, Triumph TR7 and many more embody Bayer's forward thinking of so many years ago. Bayer rubber, polyurethanes, engineering plastics, dyes, pigments and pigments can be found in most cars on Britain's roads. (Even the roads and the lighting which illuminates them, contain Bayer products.) Bayer

materials make for safer and more comfortable cars. By saving weight, they also save precious fuel. You, the motorist, are the driving force behind each new advance. We at Bayer help to put your needs and demands into practice. Bayer is a Company whose concern, imagination and dependability have improved the quality of life. Not just on the road, but on the farm, in the home, in hospitals and countless industries throughout Britain. Week-end, Bayer makes 6,000 products and spends

over £200 million each year on research to see that Man, the driving force behind progress, achieves his aims.

Bayer UK Limited  
Bayer House, Richmond,  
Surrey TW9 1SU

**Bayer**

Improving the quality of life



## Landesbanken and Sparkassen

## Introducing the 4 basic strengths of Germany's largest banking sector:

**Size.** The Savings Banks Organization is Germany's largest bank grouping with a combined business volume of almost DM 800 billion – a market share of some 40 per cent – and more than half of the nation's total savings deposits. Operating within the system are 603 independent Sparkassen and 12 Landesbanken, as well as 13 Öffentliche Bausparkassen (Public Building Societies), which together maintain more than 17,000 offices and employ a staff of over 200,000.

**Scope.** The facilities and services of Germany's Sparkassen permeate the entire economy, from the largest cities to the smallest rural areas. This pervasive coverage provides in-depth local expertise and invaluable client contacts at all levels of business and finance. In addition to their broad wholesale banking capabilities, the Landesbanken act as central banks for the Sparkassen in their region, and function as their clearing houses on a national level. In addition to their decisive rôle in this vast integrated domestic network, the Landesbanken add key international capabilities through their own offices, participations, and correspondent links in the world's major financial centers.

**Solidity.** All members of the German Savings Banks Organization are public-sector financial institutions. The liabilities of the Sparkassen are covered by the cities and municipalities where they operate. In turn, the liabilities of the Landesbanken are covered by their state authorities and by the Sparkassen.

**Service.** Unlike savings banks in many other countries, Sparkassen in Germany operate as local universal banks, providing both commercial and investment banking services. As an integral part of Germany's traditionally export-oriented economy, many Sparkassen transact considerable foreign business. Their facilities typically include letters of credit, documentary business, payments and collections, and guarantees. For larger scale foreign financing, the Sparkassen often work in tandem with the Landesbanken.

Landesbanken in Germany are also universal banks specializing in wholesale banking services ranging from commercial and public-sector lending, project finance, and foreign trade finance to portfolio management, security dealing, and international finance – often arranging or participating in syndicated Euroloans and Eurobond issues. For refinancing purposes, the Landesbanken are authorized to issue their own bearer bonds. For more information on Germany's largest banking sector, just write to:



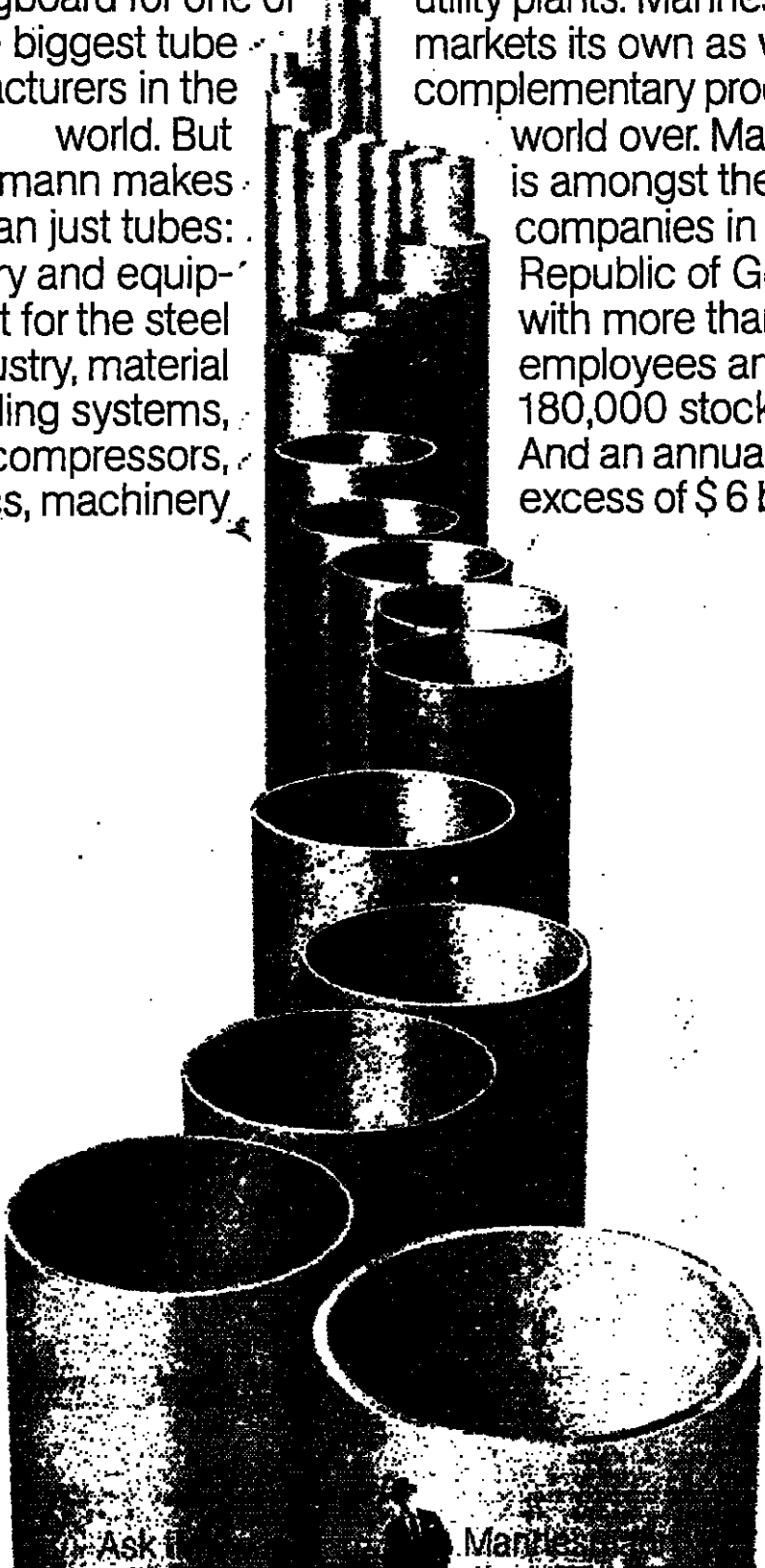
DEUTSCHER  
SPARKASSEN- UND GIROVERBAND

4-18, Simrockstrasse  
P.O. Box 1429  
5300 Bonn 1/Germany

## Our best seller since 1890

...and still going strong: the seamless steel tube. Springboard for one of the biggest tube manufacturers in the world. But Mannesmann makes more than just tubes: machinery and equipment for the steel industry, material handling systems, process compressors, hydraulics, machinery

for the construction and plastics industry, turnkey industrial and utility plants. Mannesmann markets its own as well as complementary products the world over. Mannesmann is amongst the leading companies in the Federal Republic of Germany with more than 100,000 employees and over 180,000 stockholders. And an annual turnover in excess of \$ 6 billion.



Mannesmann AG  
P.O. Box 5501  
D-4000 Düsseldorf 1  
West Germany

## FACTS AND FIGURES

## For the traveller

## How to get there

Direct air services link London with many of the principal German cities, including West Berlin. British Airways, Lufthansa, and other international airlines offer flights to Bremen, Cologne/Bonn, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich and Stuttgart. Some other cities are also accessible by British Airways, and by Aer Lingus and British Midland Airways from Birmingham, Manchester and Glasgow. Daily continental rail services operate from London's Victoria Station (via Dover and Ostend) and Liverpool Street Station (via Harwich and the Hook of Holland). All rail travellers to Berlin require East German visas (see "Travel documents"). Visa facilities are available to those travelling by road.

## Travel documents

No visa is required by holders of British passports containing the words "Entry certificate exempt" or "Holder has the right of abode in the United Kingdom". Holders of all other

British passports are subject to immigration control. Those who intend to work in Germany or establish a business there, and who hold a United Kingdom passport issued before 1973, should ask their area passport office for a special endorsement indicating that they have right of abode in the United Kingdom and are therefore United Kingdom nationals for European Economic Community purposes. Travellers using surface transport to reach West Berlin from West Germany require transit visas for the German Democratic Republic; these are available from the appropriate authorities at approved crossing points, or from the GDR embassy in London.

## Local travel

Air services link most of the main cities, and those flying between West Berlin and West Berlin do not need visas.

The country has an excellent railway system, with sleeper, restaurant and, on some express, second-class facilities. Local signs, those marked "Berlin" or "West Berlin" (Berlin, capital of the German Democratic Republic) indicate a longer route going directly to East Berlin.

At the beginning of the return journey, drivers should follow the Magdeburg, Leipzig sign, turning right after 10 miles in the direction of Magdeburg rather than going straight along the Leipzig autobahn. The road crosses the Elbe and passes to the right of Magdeburg. Drivers should follow the signs to Marienborn, where the East German frontier control point is situated.

It is possible to drive between West Berlin and Hamburg, but cars must keep the Fernstrasse (main arterial road) 5. The route to Berlin from the south is from the border crossing at Hirschberg by autobahn via the "Travel documents", and it should be remembered that traffic regula-

tions are rigorously enforced by the German Democratic Republic police. Entry from West to East Berlin for foreigners is by road at the Friedrichstrasse crossing point (Checkpoint Charlie) or by underground trains at Friedrichstrasse railway station. Passports are examined at both points, and customs and currency declarations have to be completed: no GDR currency may be taken in. Those wishing to stay overnight, or to leave East Berlin for the GDR, need a visa. Some West Berlin taxis are permitted to take visitors into East Berlin.

## Currency

The West German Deutsche mark (DM) is divided into 100 pfennigs. Coins circulate in 1, 2, 5, 10 and 50 pfennigs, and DM 1, 2 and 5 denominations. Notes are in DM 5, 10, 20, 50, 100, 500 and 1,000 denominations. The DM is worth DM 4.07.

## Time differential

Greenwich Mean Time plus one hour throughout the year.

## General

## History

When the First World War started in 1914, the country was ruled by the King of Prussia, who was also the German Emperor. When the war ended in 1918, the country found itself divided into the Western Allied and Soviet supreme command. The rise to power of Adolf Hitler was followed by the Second World War. The date of the Führer's death by suicide is put at April 30 1945, and eight days later the unconditional surrender of all German forces was accepted by representatives of the Western Allied and Soviet supreme command. The country was broken into four occupational zones, in each of which the commander-in-chief exercised power. These men acted jointly through an Allied Control Council in matters affecting Germany as a whole. The four powers governed Berlin according to policies dictated by the Potsdam Agreement of August 1945.

By March 1948, it was apparent that agreement between the Soviet Union and Britain, France and the United States could not be reached; the Western powers, together with the Benelux countries, decided to end the direct military rule over Germany. In September of the same year a Parliamentary Council was convened in Bonn under the presidency of Konrad Adenauer, and in May 1949 the Basic Law came into force. Supreme authority remained with the three Western occupation powers until May 1955, when full sovereignty was restored to the Federal Republic and it became a member of the North Atlantic Treaty Organization. Berlin was, and remains, an island in the German Democratic Republic. Between June 1948 and May 1949 the needs of West Berliners were met by the Allied airlift; this followed the closing by the Soviet Union of land and waterway links with West Germany.

The Berlin Wall between east and west sectors was erected in August 1961. The Four Power Agreement on Berlin, which became effective in June 1972, eased but did not solve the city's difficulties. Berlin today consists of the British, French and American sectors and is governed by a locally-elected senate under the overall authority of the three Western Allies. It is simultaneously a Land of the federal republic, though not yet formally incorporated, and a city.

## Country

One of West Germany's most attractive features is its varied countryside. The land falls broadly into three main topographical regions. The North German plain extends southward from the Baltic and North Seas and is of uniform character until it reaches the Ems, Dortmund and Hanover areas.

Along this line the central uplands begin. These consist of high plateaus, rolling hills, volcanic formations, troughs and basins. Well-made roads find their way through mountain gaps, across depressions and along river courses. The Black Forest is at the southern edge of the area and extends eastwards into the Swabian-Franconian terrace country.

South again, on a line marked roughly by the country's second longest river, the Danube, are the foothills of the Alps. On the German side of the border, these consist of the Allgäu, Bavarian and Berchtesgaden Alps. This barrier is the only natural one between West Germany and its neighbours – The Netherlands, Belgium, France and Luxembourg to the west, the German Democratic Republic and Czechoslovakia to the east, Denmark to the north, and Switzerland and Austria to the south.

The largest of the country's rivers is the Rhine,

which extends for nearly 500 miles on a rough south-north line through the western part of the country.

## The Länder

The Länder, or federal states, are as follows (Berlin has special status):

Land	Capital
Baden-Württemberg	Stuttgart
Bavaria (Bayern)	Munich
Berlin (West)	(city-state)
Bremen	(city-state)
Hamburg	(city-state)
Hesse (Hessen)	Wiesbaden
Lower Saxony (Niedersachsen)	Hannover
North Rhine-Westphalia (Nordrhein-Westfalen)	Düsseldorf
Rhineland-Palatinate (Rheinland-Pfalz)	Mainz
Saarland	Saarbrücken
Schleswig-Holstein	Kiel

## Main cities

Although Bonn, on the Rhine, is the capital of West Germany, its population (284,000 in December 1977) is considerably smaller than that of other cities. Cologne (Köln), about 15 miles to the north, has a population of about one million, and Frankfurt, to the south-east, has about 600,000. Frankfurt, with its surrounding area, is regarded as the country's banking and financial city,

but also serves as a centre for many important industries.

Nearly 60 cities or towns have populations of more than 100,000. The largest in terms of inhabitants are West Berlin (1,950,000), Hamburg (1,700,000), and Munich (1,300,000), followed by Cologne, Essen, and Dortmund. Düsseldorf, Bremen, Stuttgart and Duisburg each has about 600,000. Both Hanover and Nuremberg (Nürnberg) have populations of about 500,000.

## Population

In December 1977, West Germany's population was estimated at about 61,500,000; this figure includes 1,950,000 West Berliners. Population density was put at about 635 people a square mile. About 90 per cent of West Germans belong to Christian churches. Catholics and Evangelical Protestants are about evenly divided, with the former strongest in the south and the latter in the north. Two per cent are Muslims, 0.2 per cent Jews, and 2 per cent others.

## Hours of business

In general, German factories and offices are open from 8 am until 5.30 pm from Monday to Friday. In some parts of the country these

times vary by 30 minutes to one hour at either end of the day. Some companies close early on Friday.

Shops and post offices open between 8 am and 9 am and close at 6.30 pm; lunch is taken between 1 pm and 3 pm at smaller establishments. Except for the first Saturday in each month, when they stay open until 6 pm, all shops close at 2 pm on Saturdays: this is a legal requirement.

Government offices are manned Monday to Friday from 8 am until 5 pm; in the Bonn area they close between 3 pm and 4 pm on Fridays. Banking hours vary, with opening times at 8.30 am or 9 am and closing times ranging from noon to 3.30 pm; most banks, however, are open until 6 pm on Thursdays.

## Public holidays

1980	1981
Assumption* August 15	New Year's Day January 1
All Saints' Day** (but not Hesse) November 1	Epiphany January 6
Day of Repentance and Prayers November 19	March 2
Christmas Day December 25	April 17
Second Day of Christmas December 26	May 1

Ascension Day May 28  
Whit Monday June 8  
Waldeseastag June 9  
Corpus Christi\*\* June 18  
Day of German Unity June 17

\*Only in Bavaria and Saarland.  
\*\*Only in predominantly Catholic areas.  
†Only Baden-Württemberg and Bavaria.  
‡Only North Rhine-Westphalia. This is not an official holiday but most offices close.  
§Only Frankfurt.

## Embassies

Embassy of the Federal Republic of Germany, 21-23 Belgrave Square, London, SW1X 8PZ. Telephone 01-235 5033.  
Ambassador: Dr Jürgen Rühfus  
Minister: Dr Alfons Böcker  
Minister-Counsellor: Dr Hermann Hillger  
First Counsellor (head of Economic Department): Dr Christian Kudlich  
British Embassy, Friedrich Ebert-Allee 77, 5300, Bonn 1. Telephone 2340-6. Telex 895867 a/b BRINF.  
Ambassador: Sir (John) Oliver Wright  
Minister: David Goodall  
Minister (Economic): Hu Overton  
Counsellors: Alistair Hunt (head of Chancery), Donald Ballantyne (Commercial), John Box (Economic)



## Industry and politics

### Head of state

West Germany's President Bundespräsident is Professor Dr Karl Carstens, who was born in Bremen on December 14 1914. His functions are largely ceremonial, but he includes the signing and promulgation of federal laws, the reception and accreditation of ambassadors, and the signing of treaties.

### Government

West Germany's Basic Law, Grundgesetz, came into force in the three western

zones in May 1949; it provides for a federal president (Bundespräsident), a federal council (Bundesrat) and a federal diet (Bundestag).

The Bundesrat, or lower house of representatives, consists of 456 deputies and 22 members from West Berlin with limited voting powers. The representatives are generally elected for four-year terms by a complicated system known as "personalized" representation, providing a combination of first-past-the-post constituency representatives and national representatives from party lists.

The Bundesrat, or upper house, has 41 members (plus four for Berlin) who are elected for five years and are permitted two consecutive terms. There are 10 members from each of the 10 federal states, each with its own government, and Berlin, which has a special status. According to the size of its population, each has three to five votes in the Bundesrat, but these can be cast only as a block.

The federal President, or head of state, is elected by the federal Convention (Bundesversammlung), which consists of the Bundesrat and an equal number of members elected by the assemblies of the

Länder; it meets only for this purpose. The President, elected for five years and permitted two consecutive terms, proposes a federal Chancellor for election by the Bundesrat.

The Chancellor, in turn, proposes federal ministers, whose appointment or dismissal is the responsibility of the President. The Chancellor and the ministers form the federal government. Bills can be introduced by a Bundesrat deputy, by the Bundesrat, or—as is usually the case—by the federal government.

### The Cabinet

Chancellor: Helmut Schmidt  
Minister for Foreign Affairs: Dr Genscher  
Deputy Chancellor: Hans-Dietrich Genscher  
Ministers:  
Finance: Dr Hans Apel  
Cooperation: Dr Otto Graf Lambsdorff  
Education and Science: Dr Jürgen Schmude  
Justice: Hans Matthöfer  
Agriculture and Forestry: Josef Ertl  
Interior: Gerhart Rudolf Baum  
German Relations: Dr Hans-Jochen Vogel

### Labour and Social Affairs:

Herbert Ehrenberg  
Regional Planning, Building and Urban Development: Dr Dieter Haack  
Research and Technology: Dr Volker Illauff  
Transport, Posts and Telecommunications: Kurt Gscheidle  
Youth, Family Affairs and Health: Anja Huber  
In the eighth German Bundestag, the SPD (Social Democratic Party) FDP (Free Democratic Party) coalition has 253 seats and the CDU (Christian Democratic Union) CSU (Christian Social Union) 243 seats. The last election was on October 3 1976.

### SR/Trade with Britain table 1 Trade with Britain (£m)

	1977	1978	1979	1980 Jan-Mar
British exports to West Germany	886	1,099	1,347	364
Machinery and transport equipment including:	—	(261)	(285)	(44)
Road vehicles	—	—	(174)	(56)
Office and data processing	—	—	—	—
Other transport equipment	—	(112)	(176)	(55)
Electrical	—	(130)	(148)	(45)
General industrial machinery	—	(119)	(148)	(44)
Power generating machinery	—	(118)	(140)	(39)
Petroleum and related products	243	336	814	338
Manufactured goods including:	498	522	660	179
Non-ferrous metals	(120)	(96)	(148)	(48)
Textile yarns and fabrics	(105)	(110)	(127)	(39)
Chemicals	215	267	386	109
Food and live animals	148	195	200	57
All other goods	503	686	835	242
Total	2,501	3,105	4,244	1,289

### Federal tax revenue (Dm 1,000m)

	1979 receipts	1980 estimate
Income tax	97	108
Blue-collar workers and employees	38	39
White-collar workers and self-employed	84	93
Turnover tax	23	24
Corporation tax	21	21
Petrol duty	11	11
Tobacco duty	—	—

### External economy

For the first time in 14 years the visible trade surplus last year failed to cover the deficit on invisible trade. The current account showed a Dm 9,000m loss compared with a Dm 17,500m surplus in 1978. The deficit this year is expected to rise to about Dm 20,000m.

The balance-of-payments turnaround resulted mainly from a strong growth of imports and an 11 per cent increase in spending abroad by German tourists. German exports last year rose by 10.5 per cent in value and 7.2 per cent in volume terms, with much above average performances for sales of road vehicles and chemicals. Shipments to West European countries increased sharply, particularly to Italy and Britain. In contrast, sales to the United States went up by no more than 3 per cent. Imports cost 18 per cent more than a year earlier, and rising 9 per cent in volume. The oil bill rose by a half to total Dm 48,000m, almost entirely because of rising prices. Raw materials for capital goods were almost 20 per cent dearer.

Overseas trade (\$1,000m)			
	1977	1978	1979
Country	—	—	—
Sources of Germany's imports	13,282	15,324	19,573
Netherlands	11,774	14,113	18,119
France	8,941	11,587	14,092
Italy	8,406	10,214	12,751
Belgium/Luxembourg	7,313	8,884	10,968
United States	4,502	6,000	9,353
Switzerland	3,157	4,364	5,383
Austria	2,629	3,553	4,589
Japan	2,802	3,593	4,326
Soviet Union	1,853	2,489	3,893
Rest of the world	36,041	40,736	54,890
Total	100,700	120,667	157,747
Markets for Germany's exports	14,497	17,435	21,832
France	11,867	14,171	17,082
Netherlands	9,262	11,833	14,600
Belgium/Luxembourg	8,044	9,884	13,366
Italy	6,256	8,428	11,462
Britain	7,867	10,086	11,330
United States	6,283	7,307	8,990
Austria	5,402	7,072	8,655
Switzerland	2,789	3,140	3,619
Soviet Union	3,774	3,841	4,980
Sweden	41,851	49,093	55,402
Rest of the world	117,932	142,090	171,518
Total	117,932	142,090	171,518

Source: OECD Statistics of Foreign Trade

### Domestic economy

Financial policy over the past two years has aimed at stimulating the economy. Tax cuts were made alongside increased public sector investment and subsidies. Gross national product rose by 4.5 per cent in real terms last year, the forecast rise for 1980 is 2.5 per cent. The latest figures suggest that the upswing in manufacturing orders and production apparent last year, which continued into the first quarter of this year, has begun to slow down.

A gloomy picture of weakening domestic demand is being given by industrialists for the coming half year, but this is against current order books which must be among the highest in the European Community. New orders placed in April were 4.5 per cent less than in March—the largest monthly fall for almost five years.

The cost of living (inflation rate) rose 4.1 per cent last year, compared with

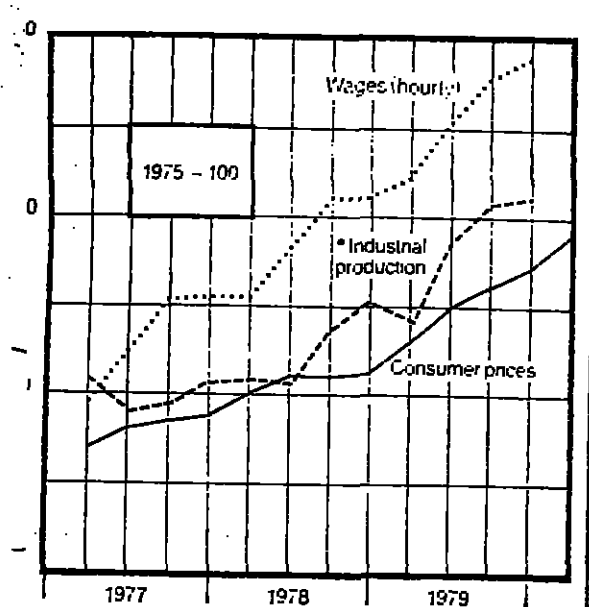
2.6 per cent in 1978. The government hoped for a 4.5 per cent annual rate this year. In May, however, inflation was 6.1 per cent higher than a year earlier. Wage deals in this year's pay round are settling at about 7 per cent, which should help to keep prices and inflation rates comfortably below those in most other Western industrialized countries. Manufacturing increased by about 7 per cent in 1979, expenditure in 1980.

### Economy—total supply and demand (Dm 1,000m)

	1977	1978	1979
Gross domestic product at market prices	1,197	1,283	1,391
Imports of goods and services	301	311	369
Total supply	1,498	1,594	1,760
Exports of goods and services	331	340	362
Consumption	—	—	—
— private	637	707	758
— public	239	256	276
Investments	249	277	319
Increase in stocks	12	9	29
Net factor payments abroad	—	—	—
Total demand	1,498	1,594	1,760

Source: IMF

### Prices, wages and production



Source: IMF  
Seasonally adjusted

### National income and gross domestic product (Dm 1,000m)

	1977	1978	1979
National income—market prices	1,197	1,283	1,391
Wages and salaries	670	712	763
Profit and entrepreneurial income	263	291	318
Direct taxes	130	140	154
Depreciation	134	144	159
Gross domestic product—market prices	1,197	1,283	1,391
Industry and construction	34	34	34
Manufacturing industries	577	621	672
Electricity, gas, water & mining	(452)	(484)	(516)
Construction	(46)	(49)	(58)
Other trades and transport	186	197	216
Services	257	278	303
Rest of the world	143	153	166

Source: Federal Statistical Office

### Balance of payments (\$1,000m)

	1977	1978	1979
Current account	114,280	138,530	167,580
Exports (fob)	94,530	112,870	150,540
Imports (fob)	19,750	25,760	17,040
Balance	—15,350	—16,680	—21,930
Services on current account	4,400	9,080	—4,890
Investment account	—5,520	—1,220	5,970
Long-term	5,190	4,350	1,150
Short-term	—330	3,330	6,120
Reserve account	480	—1,980	—3,520
Surplus or deficit	4,530	10,450	—2,280

Source: IMF

# "If only all airports had what Frankfurt has."

This is an authentic passenger statement.

**Lufthansa**  
German Airlines

Consult your Travel Agency or our timetable for exact details of all our flights.

**M.A.N. GHH STERKRADE**  
**mtu SHW RENK DWE**  
**FERROSTAAL KIRCHFELD SCHLÖDEMANN SIEMAG**  
**Battenfeld kabelmetal SCHALTBAU MÜNCHEN**

## GHH-GRUPPE

The GHH Group's comprehensive services include consultation, project planning, supplying materials and undertaking construction work, commissioning, training specialists, financing complete plants and the marketing of the client's products. After the first quarter of 1980 the orderbook stood around DM 16.5 million. Group sales for the last financial year were 13,600 million. The GHH work force totals 86,250 with approximately 4,400 of these employees engaged in research and the development of new products and processes.

# GHH: Machines, Plants, Systems

For raw materials processing and the producer goods industry, for the chemicals industry and the energy sector, for all forms of transportation, for the construction and civil engineering industry as well as for process engineering and communications.

**A production programme geared to:**  
Series production employing high-level technology: exacting customs-built products; and turnkey systems in plant construction.

**GHH** For further information:  
Gutehoffnungshütte Aktienverein • Essener Strasse • D-4200 Oberhausen



## Versatile banking system at businessman's bidding

The businessman in West Germany has at his disposal a well-developed and generally highly efficient banking system.

About 5,800 banks have about 44,000 branches throughout the country, resulting in one of the most comprehensive banking networks in the world. There is a bank branch for every 1,400 people—a density which is three times that of the United States.

The structure of the banking industry ensures that facilities are available in the country as well as in the cities. The savings bank movement, which is made up of banks tied to individual local authorities, has roughly 50 per cent of the German banking market. The cooperative and farmers' banks, which have a strong rural bias, account for about 20 per cent, and the private sector banks which make up the remaining 30 per cent of the market. The three biggest private banks—the Deutsche Bank, the Dresdner Bank, and the Commerzbank—which are often thought of as dominating the banking industry, together transact about one-tenth of West German banking business.

Despite this variety of structure, based largely on local affiliations, most German banks offer all manner of banking under one roof.

The "Big Three" and the larger regional banks have their own pyramid structures, through which they can offer customers the whole gamut of services including the operation of current and savings accounts, portfolio management, loan syndication, export finance, and stock exchange flotations. The savings banks, which are mainly with industrial and business clients, can claim to be the country's biggest savings bank. The savings and cooperative banks are, through their central clearing organizations, involved in such activities as international syndicated loans, Eurobond flotations, and, in

the case of some of the Landesbanken, have even accumulated large equity stakes in West German industry.

In general, the competitive atmosphere which prevails has benefited the individual customer. A branch manager is likely to meet any reasonable demand, if he did not a rival bank up the street would probably be only too happy to step into the breach.

At the other end of the scale, there appears to be a better-balanced relationship between big industry and the banking system than at earlier stages in Germany's history.

Ten or even five years ago, there was considerable concern at a political level about the power which banks were supposed to exercise in West German industry and business life.

Today the issue is at least dormant, reflecting a general policy aim on the part of the banks to reduce their direct equity holdings in industry, the spread of

equal worker representation on the supervisory boards of companies, and a growing government reliance on the banking industry to help finance public sector borrowing requirements.

Accordingly, the present mix of private and public sector banking is likely to continue for the foreseeable future, political pressure in favour of nationalizing the remaining private sector banks having lost ground.

The Government's decision some years ago to help set up a special financing institute to provide capital for that type of risky venture no longer supported by the banking industry is indicative of the problem.

As it happens, the Wagnis Finanzierungs-Gesellschaft has been less than a resounding success, but its very foundation points to the miserable state of equity investment in West Germany.

There is a mismatch between the supply and demand of risk capital. Funds are available, as shown by the willingness of well-heeled middle class investors to speculate heavily in sometimes dubious and often fraudulent ventures promising big returns from raw material exploitation or commodities futures trading.

Bankers themselves complain that such companies find it easier to raise capital than a "blue chip" concern issuing new shares on the stock exchange.

Companies have tended to treat the holders of their equity as if they were bondholders paying dividends which have often failed to offset inflation.

The result has been a sharp decline in investors' interest in equities, and in turn a reduction in the proportion of equity in corporate balance sheets.

Although many banking institutions—particularly some of the old private houses—were unable to keep up with the pace of social change and fell by the wayside, the number of branches has risen by one third since the late 1950s.

In recent years the old class distinctions between the various kinds of German banks have become blurred. Thirty years ago it was fair to generalize that the savings and cooperative banks served the man in the street and the "big three" and other private banks did business mainly with industrial and business clients.

Today, the Deutsche Bank can claim to be the country's biggest savings bank. The savings and cooperative banks are, through their central clearing organizations, involved in such activities as international syndicated loans, Eurobond flotations, and, in

the case of some of the Landesbanken, have even accumulated large equity stakes in West German industry.

In general, the competitive atmosphere which prevails has benefited the individual customer. A branch manager is likely to meet any reasonable demand, if he did not a rival bank up the street would probably be only too happy to step into the breach.

At the other end of the scale, there appears to be a better-balanced relationship between big industry and the banking system than at earlier stages in Germany's history.

Ten or even five years ago, there was considerable concern at a political level about the power which banks were supposed to exercise in West German industry and business life.

Today the issue is at least dormant, reflecting a general policy aim on the part of the banks to reduce their direct equity holdings in industry, the spread of

## Caution creeps into mood of optimism

represents far more a catching up after the first two decades following the Second World War when

priority was given to developing home manufacturing facilities and markets. It is also a logical consequence of the progressive repatriation of the Deutsche mark over the past decade.

A recent survey of 200 leading European, Japanese and American companies carried out by the business international group of Geneva came to the conclusion that the Federal Republic offered the best investment and market opportunities in Europe in the 1980s. However, it is clear that there is scope in West Germany as in other Western countries for improving still further the investment climate.

The chances of the state pursuing a more active policy designed to promote investment have probably been helped by the growing agreement among governments that economic policies must in future devote more attention to what is known as the "supply side" of the economy. Hence the meeting of economists and foreign ministers at the Organization for Economic Cooperation and Development (OECD) in Paris earlier this month agreed that investment should be encouraged through removing distortions and subsidies hampering the operation of market mechanisms, and through vigorous action against restrictive business practices.

At the beginning of the 1980s West Germany's policy towards investment must strive to maintain the competitiveness of the country's industrial production and decrease the Federal Republic's dependence on imported sources of energy.

Recent figures suggest that in one respect research and development already well ahead of Japan and its partners in the EEC in terms of expenditure per head, and almost caught up with a level of per capita spending in the United States.

Businessmen have been pressing for an improvement in the way which investments are treated under German laws and for less bureaucratic intervention in business activity. Moreover, there has been an uncomfortable question mark over the security of West Germany's energy supplies since the country's nuclear power programme has been stalled through the action of citizens' action groups in the 1970s.

The general agreement reached at the OECD meeting this month is unlikely to move the nuclear programme. But it could one day incline the Government towards more favourable depreciation rules for investment compared with the present position, where Germany comes out badly when set against such important European trading rivals as Britain, France and Austria.

The proliferation of government orders affecting business is not exclusively a German problem but in Germany do appear to have approached the limits of tolerable interference.

The amount of new legislation coming from the Federal Government alone is three times greater in the four years to 1975 than the first administration of the Federal Republic. It has been calculated on average that companies now have to spend about 2 per cent of turnover on administrative and advisory costs to combat this flood of paper.

But it would be wrong to deduce that German companies are deserting their homeland in droves in favour of foreign areas of activity. The growth of direct exports abroad

encouraged through removing distortions and subsidies hampering the operation of market mechanisms, and through vigorous action against restrictive business practices.

At the beginning of the 1980s West Germany's policy towards investment must strive to maintain the competitiveness of the country's industrial production and decrease the Federal Republic's dependence on imported sources of energy.

Recent figures suggest that in one respect research and development already well ahead of Japan and its partners in the EEC in terms of expenditure per head, and almost caught up with a level of per capita spending in the United States.

Businessmen have been pressing for an improvement in the way which investments are treated under German laws and for less bureaucratic intervention in business activity. Moreover, there has been an uncomfortable question mark over the security of West Germany's energy supplies since the country's nuclear power programme has been stalled through the action of citizens' action groups in the 1970s.

The general agreement reached at the OECD meeting this month is unlikely to move the nuclear programme. But it could one day incline the Government towards more favourable depreciation rules for investment compared with the present position, where Germany comes out badly when set against such important European trading rivals as Britain, France and Austria.

The proliferation of government orders affecting business is not exclusively a German problem but in Germany do appear to have approached the limits of tolerable interference.

The amount of new legislation coming from the Federal Government alone is three times greater in the four years to 1975 than the first administration of the Federal Republic. It has been calculated on average that companies now have to spend about 2 per cent of turnover on administrative and advisory costs to combat this flood of paper.

But it would be wrong to deduce that German companies are deserting their homeland in droves in favour of foreign areas of activity. The growth of direct exports abroad

encouraged through removing distortions and subsidies hampering the operation of market mechanisms, and through vigorous action against restrictive business practices.

At the beginning of the 1980s West Germany's policy towards investment must strive to maintain the competitiveness of the country's industrial production and decrease the Federal Republic's dependence on imported sources of energy.

Recent figures suggest that in one respect research and development already well ahead of Japan and its partners in the EEC in terms of expenditure per head, and almost caught up with a level of per capita spending in the United States.

Businessmen have been pressing for an improvement in the way which investments are treated under German laws and for less bureaucratic intervention in business activity. Moreover, there has been an uncomfortable question mark over the security of West Germany's energy supplies since the country's nuclear power programme has been stalled through the action of citizens' action groups in the 1970s.

The general agreement reached at the OECD meeting this month is unlikely to move the nuclear programme. But it could one day incline the Government towards more favourable depreciation rules for investment compared with the present position, where Germany comes out badly when set against such important European trading rivals as Britain, France and Austria.

The proliferation of government orders affecting business is not exclusively a German problem but in Germany do appear to have approached the limits of tolerable interference.

The amount of new legislation coming from the Federal Government alone is three times greater in the four years to 1975 than the first administration of the Federal Republic. It has been calculated on average that companies now have to spend about 2 per cent of turnover on administrative and advisory costs to combat this flood of paper.

But it would be wrong to deduce that German companies are deserting their homeland in droves in favour of foreign areas of activity. The growth of direct exports abroad

encouraged through removing distortions and subsidies hampering the operation of market mechanisms, and through vigorous action against restrictive business practices.

At the beginning of the 1980s West Germany's policy towards investment must strive to maintain the competitiveness of the country's industrial production and decrease the Federal Republic's dependence on imported sources of energy.

Recent figures suggest that in one respect research and development already well ahead of Japan and its partners in the EEC in terms of expenditure per head, and almost caught up with a level of per capita spending in the United States.

Businessmen have been pressing for an improvement in the way which investments are treated under German laws and for less bureaucratic intervention in business activity. Moreover, there has been an uncomfortable question mark over the security of West Germany's energy supplies since the country's nuclear power programme has been stalled through the action of citizens' action groups in the 1970s.

The general agreement reached at the OECD meeting this month is unlikely to move the nuclear programme. But it could one day incline the Government towards more favourable depreciation rules for investment compared with the present position, where Germany comes out badly when set against such important European trading rivals as Britain, France and Austria.

The proliferation of government orders affecting business is not exclusively a German problem but in Germany do appear to have approached the limits of tolerable interference.

The amount of new legislation coming from the Federal Government alone is three times greater in the four years to 1975 than the first administration of the Federal Republic. It has been calculated on average that companies now have to spend about 2 per cent of turnover on administrative and advisory costs to combat this flood of paper.

But it would be wrong to deduce that German companies are deserting their homeland in droves in favour of foreign areas of activity. The growth of direct exports abroad

encouraged through removing distortions and subsidies hampering the operation of market mechanisms, and through vigorous action against restrictive business practices.

At the beginning of the 1980s West Germany's policy towards investment must strive to maintain the competitiveness of the country's industrial production and decrease the Federal Republic's dependence on imported sources of energy.

Recent figures suggest that in one respect research and development already well ahead of Japan and its partners in the EEC in terms of expenditure per head, and almost caught up with a level of per capita spending in the United States.

Businessmen have been pressing for an improvement in the way which investments are treated under German laws and for less bureaucratic intervention in business activity. Moreover, there has been an uncomfortable question mark over the security of West Germany's energy supplies since the country's nuclear power programme has been stalled through the action of citizens' action groups in the 1970s.

The general agreement reached at the OECD meeting this month is unlikely to move the nuclear programme. But it could one day incline the Government towards more favourable depreciation rules for investment compared with the present position, where Germany comes out badly when set against such important European trading rivals as Britain, France and Austria.

The proliferation of government orders affecting business is not exclusively a German problem but in Germany do appear to have approached the limits of tolerable interference.

The amount of new legislation coming from the Federal Government alone is three times greater in the four years to 1975 than the first administration of the Federal Republic. It has been calculated on average that companies now have to spend about 2 per cent of turnover on administrative and advisory costs to combat this flood of paper.

But it would be wrong to deduce that German companies are deserting their homeland in droves in favour of foreign areas of activity. The growth of direct exports abroad

encouraged through removing distortions and subsidies hampering the operation of market mechanisms, and through vigorous action against restrictive business practices.

At the beginning of the 1980s West Germany's policy towards investment must strive to maintain the competitiveness of the country's industrial production and decrease the Federal Republic's dependence on imported sources of energy.

## Hypo-Bank results 1979

Group assets up 13.1%

International business develops favorably

In 1979 Hypo-Bank, Germany's oldest publicly-owned (joint-stock) bank, increased its balance sheet total by 13.1% to DM 53.5 billion. Group assets reached DM 72.7 billion, up 13.1% over the previous year.

The results of 1979 did not match the particularly strong performance of 1978, mainly because of unusually narrow interest margins—which stemmed from very high domestic interest rates—and fluctuations on the international capital markets.

Hypo-Bank's international business again recorded healthy gains. In spite of the Bank's stringent criteria for assessing risks, foreign lending rose substantially, particularly export-related financings and loans to foreign public-sector borrowers. Documentary business and foreign exchange transactions also produced improved results over 1978.

The Bank's subsidiary in Luxembourg, HYPOBANK INTERNATIONAL S.A., increased its balance sheet total by 28% to Lfrs. 71.5 billion.

In its second full calendar year of operations, the New York branch increased considerably both its volume of business and earnings, accounting for a significant proportion of the Bank's foreign business.

Consistent with its efforts to strengthen its international activities, Hypo-Bank opened representative offices in London and in São Paulo, its second office in Brazil along with Rio de Janeiro. A full-service branch in London is planned for 1980.

Hypo-Bank's service potential spans the globe through its own offices and the international facilities of its partner banks in ABECOR, Europe's largest banking group.

For your copy of our Annual Report, please contact our International Department, Theaterstrasse 11, D-6000 Munich 2, Tel.: (0 89) 23 66-1, Telex: 05 28 6525-27, SWIFT: HYPO DE MM.

Highlights of our consolidated Balance Sheet for 1979 in million DM	
Total assets consolidated	72,732
(Total assets parent company)	53,479
Total liquid assets	7,140
Total loans	57,108
General banking	23,244
Mortgage banking	33,864
Total deposits and long-term liabilities	70,001
General banking	36,114
Mortgage banking	33,887
Capital and reserves	1,586
Share capital	423
Reserves	1,163

**HYPOBANK**  
BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK  
AKTIENGESellschaft

Modern Banking in the finest Royal Tradition



We operate in continental Europe.  
We help to solve managerial problems in international markets

- Investments
- Joint Ventures
- Technology Transfer
- Import - Export
- Management
- Marketing
- Start-up Service
- Executive Search

Kienbaum International  
Mr. Angus M. Niven  
Altefelder Strasse 47  
D-5270 Gummersbach  
Phone: 01049/2261/77093  
Telex: 06 94 863

Kienbaum International  
Haus der Beratung  
Fuldenbachstrasse 5  
D-4000 Düsseldorf 90  
Phone: 01049/211/45551  
Telex: 06 95 977



Kienbaum Consulting Group

Düsseldorf, Bonn, Berlin, Frankfurt, Hamburg, Köln, München, Nürnberg, Stuttgart, Wien, Zürich, Garmisch-Partenkirchen, Innsbruck, London, New York



Although we are now in the 1980s, nowhere in West Germany has a start been made on the construction of a coal or lignite gasification or liquefaction plant. All we know for certain is that not

one of 14 such plants that have been projected would be economically viable at today's costs.

This is symptomatic. The free market economy is shackled in chains of its own making. No project is taken up if the costs cannot be calculated, but nobody can forecast the economic factors that will be operative in the next decade, and as it takes 10 years, including the time needed for design and approval, before a large-scale coal liquefaction plant can be built, the 1990s will probably arrive without a single drop of methanol for motor fuel, or gas for the chemical industry, having been produced from coal.

In this industrial nation there is something scarcer even than energy, and that is time. Yet however widely it is realized that it is already five minutes to twelve as far as assurance of our future energy supplies is concerned, the business risks involved are considered too great, and there is a reluctance to take decisions.

The Federal Government is aware of the problem, of course. It is intended that the barriers against investment in new energy technologies should be removed through government guarantees to cover business risks. But if the slogan "Away from oil" is to have any chance of being put into effect, even very partially, the Government, besides providing guarantees for investors, will also need to do something about high energy costs. As matters stand,

the growth of national product grows over the next few years by 3.5 per cent or as is predicted elsewhere; by 2.2 per cent, it remains certain that between now and 1995 West Germany's oil requirement will continue to increase substantially, rising to 245 million tonnes of coal equivalent, of which 65 million was supplied by coal, 35 million by lignite, 192 million by oil, 56 million by natural gas, 12 million by nuclear power and nine million by other sources.

Whether gross national product grows over the next few years by 3.5 per cent or as is predicted elsewhere; by 2.2 per cent, it remains certain that between now and 1995 West Germany's oil requirement will continue to increase substantially, rising to 245 million tonnes of coal equivalent, of which 65 million was supplied by coal, 35 million by lignite, 192 million by oil, 56 million by natural gas, 12 million by nuclear power and nine million by other sources.

But if the slogan "Away from oil" is to have any chance of being put into effect, even very partially, the Government, besides providing guarantees for investors, will also need to do something about high energy costs. As matters stand,

the growth of national product grows over the next few years by 3.5 per cent or as is predicted elsewhere; by 2.2 per cent, it remains certain that between now and 1995 West Germany's oil requirement will continue to increase substantially, rising to 245 million tonnes of coal equivalent, of which 65 million was supplied by coal, 35 million by lignite, 192 million by oil, 56 million by natural gas, 12 million by nuclear power and nine million by other sources.

Whether gross national product grows over the next few years by 3.5 per cent or as is predicted elsewhere; by 2.2 per cent, it remains certain that between now and 1995 West Germany's oil requirement will continue to increase substantially, rising to 245 million tonnes of coal equivalent, of which 65 million was supplied by coal, 35 million by lignite, 192 million by oil, 56 million by natural gas, 12 million by nuclear power and nine million by other sources.

growth, the country will be able to procure the forecast requirement of 206 million tonnes of coal, 12 million of which will be imported, leaving a requirement of 194 million tonnes required at the higher projection of 3.5 per cent. It seems more likely that the demand "Away from oil" will be fulfilled as a result of the pricing and production policy of the oil-producing countries rather than by any other means.

It is as certain as anything can be that the growth rate of gnp in the 1990s will be a little under 3 per cent, since a rate of 2.5 per cent is already needed merely for existing living standards to be maintained.

Since natural gas already provides 16 per cent of energy supplies, and as this figure can at the most rise to 20 per cent, all that is left apart from energy-saving, which is after all a one-time operation—is to build up coal production capacity and nuclear power. But there are already a host of problems in both areas.

No one in Germany believes that the Government's plans will become a reality. The catchphrase of the present energy policy is as much cost as possible, and as much nuclear energy as necessary. A capacity of 14,000 megawatts of nuclear energy was "planned" for 1980, but only 9,100 MW have as yet been installed. Even though plans for an additional capacity of 10,000 MW was under construction at the end of 1979, it is doubtful whether the 23,000 MW figure for 1985 will be installed, let alone the 31,000 which, according to the

present plan, should be available to the grid by 1990.

Not only has the development of nuclear energy been obstructed through public protests and demonstrations, as well as by certain politicians, but disposal measures required by the Government are also falling behind. For example, the intention was to erect a reprocessing plant and permanent storage facilities for radioactive material at Gorleben in Lower Saxony. The Government has decided not to go ahead with the reprocessing plant and the permanent storage project is under constant attack by environmentalists, who have been laying siege to the site and mounting protest demonstrations and marches.

Nuclear plants are accordingly installing temporary storage facilities of their own, so that they can be in temporary control of their exhausted material.

Despite this development, German energy experts whose views are to be respected firmly believe that the protest movement against nuclear power will die down, and that by 1990 nearly 100,000 MW will be available from this source, representing 30 per cent of total energy output.

Haris Baumgart  
Energy Correspondent  
Die Welt



# The best of the Wurst

**Wir sorgen für Erdgas** **RUHR**  
**gas**



A Government minister, a banker and three industrialists are interviewed by Frank Carmichael, Karl Grün, financial correspondent for *Neue Zürcher Zeitung* and *Wirtschaftswoche*, and Horst Kerlikowsky

## Long range he's optimistic

Dr Otto Count Lambsdorff, the Economics Minister, believes that the slower rate of growth indicated for this year is temporary, and that the long-range outlook gives both the veteran and the debutant businessman reason for optimism.

"Social recognition of the independent businessman has never been improved," Count Lambsdorff said in reply to questions. "For that reason, many find once more that it is fun to be an entrepreneur." Count Lambsdorff himself has never been an independent businessman, although he did reach the top rung of management.

He studied and later practised law, then worked in the credit industry, becoming a general representative of a private bank and a member of the board of an insurance company.

Count Lambsdorff is politically a liberal, joining the Free Democratic Party in 1951, immediately after passing his first state examination. In 1972 he was elected to Parliament, immediately becoming the party's parliamentary spokesman on economic affairs.

Chancellor Helmut Schmidt appointed him Minister of Economics in October 1977, to succeed fellow Liberal Herr Hans Friderichs, who resigned to become head of the Dresdner Bank after the terrorist murder of its former chief, Jürgen Ponto.

West Germany is particularly sensitive to international unrest because it depends to such a great degree on imported raw materials, while its manufacturing industry is oriented to an unusual degree to exporting. "Every fourth job in the Federal Republic depends on exporting. But by international standards, our economic situation must be seen as stable," Count Lambsdorff said. He

added: "despite a high-cost level, we remain competitive on world markets. This year, we probably will reach a real growth of between 2½ and 3 per cent." This represents a slight fall compared to 1979's good result of 4½ per cent.

"But we believe that this year is of temporary nature. Only we assume that we can count on real economic growth of between 3 and 3½ per cent in coming years."

West Germany has embarked already on a long-term campaign to reduce its dependency on imported oil, by saving energy and by forcing the use of domestic gas and coal, greater use of alternative sources of energy and expansion of nuclear power.

"Nuclear energy is indispensable," Count Lambsdorff said. "Not only does it play an increasing role in the supply of our electricity, but it is also of the greatest importance for all technologies based on it, as for example, coal refining, which we want to push forward in grand style in order to maintain our competitiveness as a supplier of technical plant and of skill and knowledge generally. Without nuclear energy we will not have sufficient economic growth."

Count Lambsdorff expects "no revolutionary development during this decade, but does expect structural adjustments resulting from modernization and the increasing application of microelectronics, data processing and communications techniques."

He said: "Modernization of industry does not endanger working places, but makes them more secure. Of course, there will be structural changes that will affect the job market. This applies particularly to the less qualified workers. But well-trained workers who



Dr Otto Count Lambsdorff

continue to improve themselves will have excellent opportunities.

"The new techniques allow us to see at the same time a considerable potential on innovations that will create new working places. And beyond that, the global need for investment to solve our energy, raw material and environmental problems opens new chances for growth and for employment."

Count Lambsdorff does not agree with the lobby that fears measures to protect the environment will hinder business growth. "I am opposed to abrupt prohibitions and restrictions in this area that would give business too little time to change over and to adapt," the minister said. "That would provoke growth loss and beyond that, undesired

structural changes. But in the long run, protection of the environment, which requires new technologies and investment, will contribute to economic growth, as well as to improvement of our exporting position."

Count Lambsdorff hopes, however, that regulations to protect the environment will not differ so widely from country to country as to distort competitiveness.

The minister rejects suggestions, heard also in West Germany and often from environmentalist groups, that government and society should move toward "no growth" policies. "No growth would have obviously negative results for private prosperity, for social security, for employment, for national and international political peace," Count Lambsdorff said.

## Gentle voice

At first sight, Herr Kühnen's appearance makes you wonder whether this 68-year-old partner in one of the oldest and most influential German private banks, Sch. Oppenheimer Jr & Cie of Cologne, might in the end be surrounded by heel-clicking subordinates. Hearing his gentle, Rhenish voice explain to you the virtues of sound bookkeeping and—almost in one breath—of a healthy country life (for the past one and a half decades he has been a keen amateur farmer in Bavaria) thoughts of that sort are immediately dispersed.

Here is a private banker in the true tradition, a man whose advice is sought for obviously good reasons—by wealthy families such as the Thyssens, the Klöckners, the Wolffs or the Agnells as well as indirectly by an impressive clientele of hundreds of thousands of small people, if one chooses to include the insurance interests of the group (Colonie Versicherung, Germany's second largest) and the mortgage bank Rheinboron in the distinguished Sch. Oppenheimer's empire.

German banks are not at present enjoying their most profitable period. On the contrary, the publication of the 1979 results has increased a wide awareness of squeezed profits.

This puzzles outside observers, especially those who are accustomed to the fact that in Britain, for instance, the profitability of banks tends to increase in accordance with higher interest rates. In Germany, though, higher interest rates have resulted in lower bank profits. Explaining this, Herr Kühnen, who is also president of the Bundesverband deutscher Banken (German bankers' association), does

not stop at such observations as that intense competition for borrowers on one hand and extremely interest rate-conscious depositors on the other, result occasionally in serious funding problems and over-extended balance sheets. Nor does he emphasize the undeniable fact that sharp increases in the level of interest rates have necessitated huge depreciations of security values. He indirectly sees all that as leaving management with room for improvement when he daily remarks: "We always have the smugness of maturities been consistent."

However, the worst may be over. After the crucial first quarter of 1980, improvements are visible. At least lower interest rates at the long end of the market give, according to Herr Kühnen, cause for hope that security assets need not be written down further this year. A peculiarity of German accounting practice does not allow for new loans of assets which have been depreciated before. The eventual formation of hidden reserves in those heavily mortgaged bank balance sheets seems to be a certainty therefore.

The lesson to be drawn from smaller margins for the banking community at large? Banks, according to Herr Kühnen, should be more discerning in the loans they grant and in the borrowings they accept. "You have to say 'no' more often," he says. "Technical processes within the banks need modernizing and rationalization."

One of the most delicate issues in country whose population has so far enjoyed the benefits of intense competition among banks by offering a wide range of services for very low charges. "This is a more conscious regard to the services they render."

## 'Chef to 6,000

He is 63, the owner and the boss. He has 6,000 employees working for him in three German factories. Professor Rolf Rodenstock is in undisputed control of Optische Werke G. Rodenstock in Munich, now run by the third generation of his family.

Yet, each employee still has direct access to him. Should there be a personal problem or any complaint about unfair treatment from a superior.

He regularly tells his employees about the development of the company. His perspectives and its problems. The latest message in the Rodenstock house magazine *Gute Sicht* (Good View) is: "With our cost levels, we cannot hold out any longer against most of our foreign competitors with our usual methods and our old product range."

There is a solution in sight, at least in the view of Professor Rodenstock: "Our only chance is to develop new products which are still more suitable to the market's taste. Quality must be better than our service. And our marketing must be more systematic still."

Translated into practical measures, ideas like these lead to ever new styles, colours and designs for his spectacles and sunglasses. It also implies tackling the market on a worldwide basis, through subsidiaries wherever possible.

Forty per cent of the group's DM 400m turnover last year came from abroad, while production is almost completely concentrated in Germany. Furthermore, Rodenstock aims to set aside 10 per cent of the total turnover for research and development in precision optics, ophthalmological equipment and processing machines for optical workshops.

Professor Rodenstock would like to see the methods which have apparently helped his own firm to

succeed applied by all his fellow-businessmen in Germany. In his capacity as president of the Bundesverband deutscher Industrie (BDI), and thus indirectly representing 110,000 industrial firms, he does not hesitate to proclaim the need for yet more research and development... to achieve higher productivity and improved product service.

He thinks that to transfer production to other countries where labour costs are lower is not necessarily the ideal solution to the problem of high production costs. First, there might be a shortage of skilled workers in most of the relevant countries, and second he sees a direct link between developing high technology in Germany and the experience being won by producing it.

His opinion and advice weigh heavily in a wide range of other organizations where he holds offices, from the German-Swiss Chamber of Commerce and the German-Austrian Chamber of Commerce to supervisory boards of Esso AG (Germany), Gerling Insurance and the reinsurance group Münchener Rück.

Sympathies clearly lie with the Christian Democrats (CDU) and the Christian Social Party (CSU). He is known to be among the organizers of a funding campaign for the election of the CDU/CSU's top candidate, Herr Franz-Josef Strauss.

Yet his relationship with Chancellor Helmut Schmidt does not appear to have suffered from that. His feelings towards Chancellor Schmidt seem to be the same as those of many industrialists in Germany: "Schmidt is right; his only mistake is to belong to the wrong party, the Social Democrats (SPD)."

TO START UP  
AT THE HUB  
OF EUROPE  
START HERE

YOU DON'T NEED to be told that the country along Rhine and Ruhr (at whose confluence lies the world's largest inland port) is the economic heart of the Federal Republic of Germany.

Did you realize that it also embraces the major concentration of customers and suppliers in the whole EC? That 140 million people of 6 nations live within a radius of 500 km or 310 miles?

That it generates over 70% of the electric energy and 14% of the industrial output in the Common Market? Not to mention the abundant industrial sites, a skilled and experienced work force, infrastructure and public services second to none?

And newcomers are still heartily welcome wherever space and labour are available. Indeed some regions provide public financing that may cut your capital costs by as much as 20%.

Too good to be true? Not really. Success is not cheap and not simple here (or anywhere in the real world); but it is being achieved every day. The prizes are tempting.

THAT'S WHERE WE OF GW come in. (GW is the short title of the Economic Development Corporation for North Rhine-Westphalia, a government-financed organization serving private business.)

What we do is eliminate available obstacles to sound plans, many of which we help prepare. We give advice on locations and sites; work out planning documents and decision aids; establish contacts with all municipal, state, and national authorities; help conclude negotiations; lay out the opportunities for project-linked public financing assistance.

Their services are confidential and free of charge. The State of North Rhine-Westphalia pays the bill.

For a starter let us send you the following:

NEW

A quick survey of facts and opportunities in Europe's major economic region.

NEW

A brief guide to public financial aid and incentives in North Rhine-Westphalia.

The rules under which business operates in the Federal Republic.

A newsletter for investors, management consultants, banks, and others, and project planners.

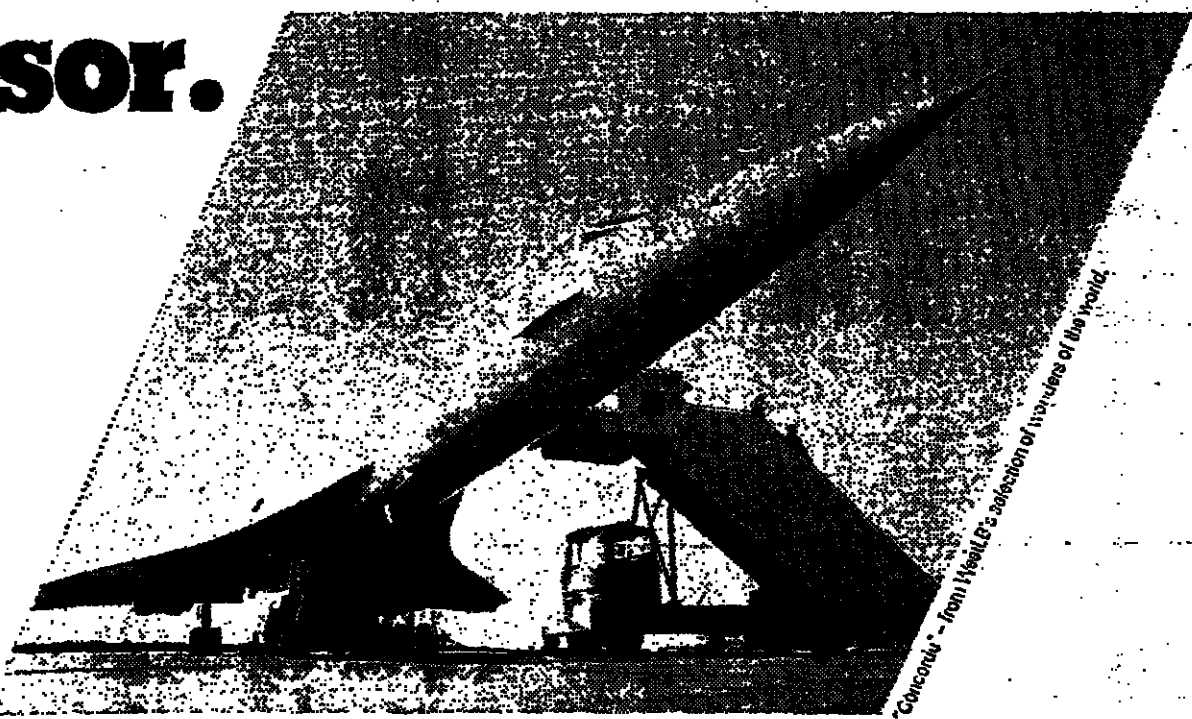
WE ALSO HAVE available for personal delivery here two stout binders with text in German giving sketch maps and great detail on every municipality in our state where industrial development is feasible. A sign qua non for international banks.

IF YOU THINK you might want to start up here, let us give more power to your elbow. Write, phone, or stop by:

ECONOMIC DEVELOPMENT CORPORATION FOR NORTH RHINE-WESTPHALIA (GW)

K. VALLERIESTRASSE 139  
D-4000 DÜSSELDORF  
TELEFON 853000  
TELEFAX 853000

# WestLB London - your reliable financial advisor.



WestLB London, the full-service branch of Westdeutsche Landesbank, one of the world's foremost wholesale financial institutions, ranking among Germany's first three universal banks, can service you with speed, international flexibility and professionalism in all important areas of commercial and investment banking.

Short and medium-term Euroloan facilities are available for both corporate and public clients. For long-term capital investments, the Bank is a major force in arranging and underwriting large amounts in the international financial markets. The Bank is known for its capacity to provide large-scale DM loans on a fixed interest and long term basis.

Westdeutsche Landesbank  
London Branch  
41, Moorgate, London EC2R 6AE  
Telephone 01/638 6141, Telex 887984/E

WestLB London is also active in inter-bank money dealing, client-oriented foreign exchange dealing and Euro-dollar bond trading.

Sterling finance can be provided to domestic companies for medium-term money.

With a Group balance sheet total of more than DM 100 billion and as a state-backed institution, Westdeutsche Landesbank is a wholesale bank you can rely on.

A strong force in wholesale banking  
**WestLB**  
Westdeutsche Landesbank

Representative Office: P.O. Box 112, D-4000 Düsseldorf 1, Tel. (021) 9260-1, Frankfurt Office: (089) 26791

Branches: London, Tel. 01/638 6141; New York, Tel. 754-9600; Tokyo, Tel. 216-0661; San Francisco, Tel. 415-774-1111; WestLB Asia Limited, Hong Kong, Tel. 259-2068; Singapore, Tel. 234-4321; Tel. Aviv, Tel. 1871; Vienna, Tel. 889 1085; Melbourne, Tel. 654 1855; Perth, Tel. 861 0109; Banco de Bahia Investimentos S.A., Rio de Janeiro, Tel. 253 8723

## A man against profits

Wilfried Heidt represents a new breed of businessman, one who considers the profit motive to be the root of modern society's evils. At 38, he is one of West Germany's "Greens".

Member of a new political party devoted to protection of the environment from the ravages of man-made and political pollution.

Herr Heidt and several like-minded colleagues have set up their political beliefs into business practice, creating the Union of the Third Way, an association of 12 small firms whose products range from electronic and computer to catering and hotel equipment.

"We are pioneers," he said. "We are economic and cultural business people, but we have dissociated ourselves from profits. Every-

thing here is market-oriented production. The different thing about us is what we do with the surplus. We put it into a foundation to finance cultural and educational activities."

The need to make profits forces constant growth and that, in turn, squeezes out the small businessman, Herr Heidt believes. He and his "Green" Party therefore oppose quantitative growth in principle, "especially when it is pushed out of pure greed for profits."

He does not foresee an energy crisis arising. "We must change the concept of energy needs, which simply increases the perceived needs, to satisfaction of needs," Herr Heidt said. "If we look at it from that direc-

tion, nuclear power is unnecessary. It has no economic value. There is no acute need for additional energy."

Expressing a belief that monetary and economic systems should be uncoupled, he said: "Until they are, we will face growing joblessness and growing loss of independence of small businessmen."

Asked what motivation could replace the profit motive, he replied: "The central notion here is to perform some service for one's fellow man. A lot of young persons feel responsibility for, and to, all mankind. There is plenty of work for them. We do not have enough people willing to work with us, probably because those who share our views do not yet know we are here."

## 'Destructing' concrete

Wolfgang Düren, an investment counsellor, decided that one particular opportunity that came knocking on his door four years ago was meant just for him. As a result, Herr Düren is today a partner in West Germany's youngest but largest concrete-sawing firm.

Diabos Zentral GMBH is a service company sawing concrete with diamond saw blades and with diamond core cylinders. Actually Diabos is a group of companies, with Herr Düren and his Munich partner creating a new subsidiary firm in each additional city in which they operate, usually making local management a partner there.

Diabos today is located in Munich, West Berlin, Cologne, Düsseldorf, Stuttgart, Karlsruhe and Augsburg in Germany, and in Salzburg. The group employs about 70 workers, all of them highly skilled and paid top wages. In Munich

that means 18 marks (£4.33) an hour.

"Essentially we destruct concrete," Herr Düren explained. "We drill holes in concrete, we cut holes in concrete for doors, we remove stairs, we cut holes for lift shafts."

The Diabos system has been in use in the United States for some time, Herr Düren said. But although it was known in the West German construction trades, it was hardly used in West Germany until an engineer, said Herr Düren, set up their company in 1977.

"We eliminate the noise of the compressor," Herr Düren said. "Our equipment is driven by electrical hydraulics or, if outside, by diesel. We make clean cuts, reduce debris, cut noise, and do not disturb the remaining concrete, which is important for the statics of a building."

A lot of Diabos's work is performed in older concrete buildings being remodelled, with lifts being added to its first year, Herr Düren and

his partner grossed DM500,000 (£120,000) in 1978, that rose to DM2m (£250,000) in 1979, and to DM4.2m (£1m) last year, and should reach DM9m (£2.15m) this year.

Herr Düren, the engineer and another lawyer financed the first three companies privately. After that, they borrowed from the banks because they were buying a lot of equipment fast and had little liquidity.

"I think the German economy will continue to grow, without many problems, although we may have to shift some money to accommodate to the rising energy prices," Herr Düren said. "But the great unknown is the world political situation."

Herr Düren's advice to any young person looking for a business opportunity is to go into a service company rather than into production. "Production costs more and is riskier," he said.

## Frankfurt. Economic Center.

Frankfurt am Main. A city where business is booming. Convince yourself by ordering our brochure "Frankfurt - Economic Center".

It gets you acquainted with Frankfurt's economy and gives information on services and products of local enterprises. You should ask for this information.

Write to: Office of Economic Development of the City of Frankfurt, am Main 1, Gutfeldstraße 7-9, D-6000 Frankfurt am Main 1